07 Annexes

Annex I. Other public documents

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 Consolidated directors' report for the year ended on 31 December 2018, 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/).
- Euro-Commercial Paper Programme (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 II. 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 (owned by its customers), by means of providing access to telecom through its connectivity services as well as the related passive and active infrastructure to external MNOs, 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, public protection and disaster relief ("PPDR") networks, operation and maintenance ("O&M"), Smart City and Internet of Things ("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 use the Group's 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's 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's 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's 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 the Group 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 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 more difficult for the Group to achieve targeted returns on investments.

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 (such as KKR or MS Infrastructure Fund), while other competitors may apply investment criteria with lower return on investment requirements. Additionally, some of the Group´s customers have set up their own infrastructure companies (such as Telxius Telecom, S.A. or Infrastrutture Wireless Italiane S.p.A.).

Besides, if the Group is unable to compete effectively with its competitors or anticipate or respond to customer needs, the Group could lose existing and potential customers, which could reduce its operating margins and have a material adverse effect on the Group´s business, prospects, results of operations, financial conditions and cash flows.

III) Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers

In the Telecom Infrastructure Services segment its main clients are telecom operators (mostly MNOs); in the Broadcasting Infrastructure segment its main clients are media broadcasters (TV channels and radio stations); and in the Other Network Services segment its main clients are (i) a small number of public administrations, at national, regional and/or local levels, (ii) safety and emergency response organizations, (iii) companies operating in the utility sector, and (iv) certain telecom operators. The ongoing consolidation process in the telecom and broadcasting sectors may result in a decrease in the number of MNOs or media broadcasting operators in the future, which could potentially have a negative impact on the main segments of the Group.

The Group's reliance on a small group of customers may adversely affect the development of its business. As such, the loss of one or more of any of the Group's main customers, resulting from, amongst others, a merger, bankruptcy, insolvency, network sharing, loss of licenses, roaming, joint development, resale agreements or contract early termination may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Likewise, even though most of the Group's business relationships have been long-lasting to-date, the Group cannot guarantee that contracts with its major customers will not be terminated or that these customers will renew their contracts with the Group in the same terms or at all. Further, the Group is exposed to constant renegotiation and renewal processes of its contracts with its customers (especially those related to Broadcasting Infrastructure and Other Network Services due to the contracts relating to such segments generally having shorter maturity periods), which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. In particular, contracts entered into by the Group generally provide that certain expenses are passed through to the Group's customers, such as energy costs, and the Group cannot guarantee that such contracts are renewed in the same terms, which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. In particular, contracts entered into by the Group generally provide that certain expenses are passed through to the Group's customers (such as energy costs). The Group cannot guarantee that the pass through mechanism will protect 100% of the energy cost beared, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, Cellnex could potentially be exposed to fines if Cellnex were to be held to be engaged in an electricity resale business simply because energy costs are included in the charges for which it bills its customers.

In the ordinary course of its business, the Group experiences disputes with its customers, generally regarding the interpretation of terms in the Group's commercial agreements. It is possible that such disputes could lead to a termination of the Group's contracts with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. If the Group is forced to resolve any of these disputes through litigation, its relationship with the relevant customer could be terminated or damaged, which could lead to decreased revenue or increased costs, resulting in a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Additionally, in relation to Telecom Infrastructure Services, the Group currently differentiates from its competitors through the neutrality of its position in the market. The loss or weakening of such neutral position as a result of one customer becoming a reference or controlling shareholder of the Company could lead to the termination of contracts or to a loss of customers; and hence, to a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

IV) Risk of infrastructure sharing

While the Group believes the neutral operator 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 slow down entering into new service agreements. Moreover, if MNOs utilize shared equipment (either active or passive) rather than deploy new equipment, it may result in the decommissioning of equipment on certain existing infrastructure 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 material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Finally, the framework agreements with anchor customers may include agreements by which the parties agree further acquisitions or construction of infrastructures over a defined period or acquisition or construction of a maximum number of infrastructures. Such framework agreements may or may not be implemented, either in whole or in part, 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.

V) 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´s strategy to continue driving growth through the acquisition of assets, entities or minority interests, joint ventures, mergers and 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. The 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. 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 its activities, increased 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. In particular, sellers of infrastructure assets may be reluctant to enter into new joint ventures, mergers, disposals or other arrangements with the Group due to, among other reasons, the accounting impact of the transaction in their financial statements.

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 the timely and efficient integration of the acquired business' 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

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on the relevant investment. Such event may occur because the interests of other shareholders are not the same as the Group's, because the underlying business does not perform as expected, because of an impairment in the value of such investment or for 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.

VI) 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 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´s 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, digital terrestrial television ("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 internet protocol television ["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, terrestrial trunked radio ("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.

VII) 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 its telecommunications infrastructures it operates; however, the vast majority of the land and rooftops where these infrastructures are located is operated and managed via lease contracts, sub-lease contracts or other types of contracts with third parties (with the exception of the UK, where the group owns a large amount of the land where its sites are located). Thus, for various reasons, land 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´s 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 its 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 program to ensure a level of coverage and risk in keeping with the policies that have been introduced.

VIII) 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 stagnation after a period of economic and financial strength. The Group cannot assure, that this past performance strength will happen again 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 the Group 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 previous 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 previous years have negatively 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, trade tensions between USA and China, 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's growing presence in the United Kingdom, the Group faces the risk of political and economy uncertainty derived from the United Kingdom's decision to leave the EU. The timing of, and process for, the negotiations and the resulting terms of the United Kingdom's future economic, trading and legal relationships are uncertain.

Due to the Group´s 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 capital, which could have a material adverse effect on the Group business, prospects, results of operations, financial condition and cash flows.

In addition to the above-mentioned 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; also in the interpretation of the changes in the benefits derived from royalties (i.e. Patent Box) or local taxes;

- 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 active and 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; reglamentos y decretos, y su aplicación judicial, que en ocasiones pueden aplicarse retroactivamente, y las demoras en el proceso judicial;

- changes in consumer price indexes in foreign countries; and

- force majeure events affecting any or several countries in which the Group carries out its activities.

IX) 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.

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 events 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 assets (generally the infrastructures

[13] RETT (Real Estate Transfer Tax) is a tax levied on the transfer of legal or beneficiary title to real estate assets. This tax is calculated on the gain between the fair value of the real estate asset transferred and the transaction price.

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 an explicit breach by a Group company of its contractual obligations under the services agreements with its customers.

Additionally, both the bonds issued under the EMTN Program and the Convertible Bonds and bank financing contracts of the Group include certain change of control clauses which could trigger an early repayment under the respective debt arrangement.

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.

X) 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 partial, joint or no control are subject to the risk that the other holders of interest in 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 the appointment of 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.

Other holders of interest in the Group´s assets 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, they may be unable, or unwilling, to fulfil their obligations under the relevant shareholder or joint investment 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 other holders of interest 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.

XI) 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 exposes 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 acquisition of liabilities or other claims from acquired businesses.

Prior to entering into an acquisition agreement, Cellnex generally performs a due diligence exercise on the potential 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 the 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 its growth strategy.

XII) 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 to the regulatory framework in the European Union (the "EU"). These changes in tax and legal regulations could be applied or enforced retroactively. The main rules applicable to the Group and its customers include the availability and granting of licences for the 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 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 limiting the emissions coming from equipment of the Group's customers hosted by the Group. Despite the fact that the ratio emitting equipment is held by us, the Group´s customers are liable for the emissions of their own equipment. In the event that such rules were amended against the Group´s interest, they could limit its growth capacity and 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 it follows prevailing local legislation and that it is able to anticipate regulatory changes.

XIII) 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.

XIV) Risk related to the shareholding of the Group

Connect S.p.A. ("ConnecT"), which owns 29.9% of Cellnex's share capital, is the current largest shareholder of the Company, as of the date of approval for issue of these consolidated financial statements. ConnecT has a significant influence over those matters requiring shareholders' approval, including the appointment and dismissal of the members of the Board of Directors, the payment of dividends, changes in the issued share capital of the Company and the adoption of certain amendments to the bylaws. In addition, ConnecT has appointed four out of twelve of Cellnex's directors, including the non-executive Chairman. There can be no assurance that the current largest significant shareholder, or any other current or future significant shareholder, will act in a manner that is in the Company's best interests, which could adversely affect the Group's business, prospects results of operations, financial condition and cash flows, or in the interests of other shareholders of the Company.

Risk related to the financial information

XV) 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 provides training to its employees to facilitate compliance with such laws and regulations.

The Cellnex Group has a code of conduct (the "Ethics' Code") approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is then adapted in each country . This Ethics' Code is communicated to all 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.

XVI) 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 does 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´s 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 its 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 services the Group provides 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

XVII) 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, the Group operates and holds assets in the UK and in Switzerland, both countries outside the 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. Hedging arrangements 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.

XVIII) 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 14 of the accompanying consolidated financial statements).

As at 31 December 2018 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 14 of the accompanying consolidated financial statements).

XIX) Credit risk

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

The MNOs 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 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.

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.

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XX) 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 c. EUR 1,500 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 14).

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.

XXI) Inflation risk

Despite a long period of historically low inflation, there is no assurance that inflation may not increase as a result of among others, the monetary policies of the European Central Bank 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.

XXII) 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´s 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, minimum cash restriction, or pledge of assets;

- A potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive; and

- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

The financing contracts of the Group do not have financial covenants or limitations on the distribution and payment of dividends. As at 31 December 2018, all the loans and credit facilities of the Parent Company and its subsidiaries are unsecured and unsubordinated, have no guarantees or shares pledged, rank pari passu with the rest of the Group´s unsecured and unsubordinated borrowings, and do not require the Parent Company's nor its subsidiaries to comply with any financial ratio. However, it should be noted that the Group has a cross default clause in certain contracts.

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 III. GRI table

Indicators		2018 Report	Perimeter of contents
GENERAL INDICATORS			
COMPANY PROFILE			
102-1	Name of the organisation	Cellnex Telecom, S.A.	Cellnex group
102-2	Activities, brands, products and services	50-59	Cellnex group
102-3	Location of headquarters	Juan Esplandiú, 28007 Madrid	Cellnex group
102-4	Location of operations	12-17	Cellnex group
102-5	Ownership and legal form	Cellnex Telecom, S.A.	Cellnex group
102-6	Markets served	12-20, 50-59	Cellnex group
102-7	Size of the organisation	12-34, 40-41, 50-55,	Cellnex group
102-8	Information about employees and other workers	89	Cellnex group
102-9	Organisational structure, value chain, supply chain	17-22, 103-104	Cellnex group
102-10	Significant changes in the organisation and its supply chain	12-20; 103-104	Cellnex group
102-11	Precautionary principle or approach	Cellnex has environmental liability insurance in compliance with current legislation and has a provision of 60,000 euros 80, 83-85	Cellnex group
102-12	External initiatives	107-108	Cellnex group
102-13	Membership of associations	105	Cellnex group
STRATEGY			
102-14	Declaration of senior executives responsible for decision-making	6-9	Cellnex group
102-15	Main impacts, risks and opportunities	79-80	Cellnex group
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	77-79	Cellnex group
102-17	Mechanisms for assessment and complaint of ethical conduct	100	Cellnex group
GOVERNANCE			
102-18	Governance structure	69-74	Cellnex group
102-19	Delegation of authority	80-84 Section C of the 2018 Annual Corporate Governance Report (Annex I)	Cellnex group
102-20	Executive responsibility for economic, environmental and social matters	80-84 CSR Policy, available at: https://www.cellnextelecom.com/politica-de-rc/ Section C of the 2018 Annual Corporate Governance Report (Annex II)	Cellnex group
102-21	Consultation with stakeholders on economic, environmental and social matters	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-22	Composition of the highest governing body and its committees	72-74	Cellnex group
102-23	Chair of the highest governing body	72-74	Cellnex group
102-24	Appointment and selection of the highest governing body	69-71	Cellnex group

GRI: 102-55

Indicators		2018 Report	Perimeter of contents
102-25	Conflicts of interest	Section D of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-26	Role of highest governance body in setting purpose, values, and strategy	Section C of the 2018 Annual Corporate Governance Report	Cellnex group
102-27	Collective knowledge of the highest governing body	69-73	Cellnex group
102-28	Evaluation of the performance of the highest governance body	69-71	Cellnex group
102-29	Identification and management of economic, environmental and social impacts	55-57	Cellnex group
102-30	Effectiveness of risk management processes	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-31	Review of economic, environmental, and social topics	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-32	Highest governance body's role in sustainability reporting	Section C of the 2018 Annual Corporate Governance Report	Cellnex group
102-33	Communicating critical concerns	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-34	Nature and total number of critical concerns	77-79	Cellnex group
102-35	Remuneration policies	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-36	Process for determining remuneration	Section C of the 2018 Annual Corporate Governance Report (Annex VIII)	Cellnex group
102-37	Stakeholders' involvement in remuneration	Section A of the 2018 Annual Report on Directors' Remuneration	Cellnex group
102-38	Annual total compensation ratio	The salary of the best paid person without including the CEO is 42.68 times higher than the average Cellnex group salary In 2017 the calculation was made without including the ILP in the CEO's salary. The ratio in 2017 including ILP would be 44.02.	Cellnex group
102-39	Ratio of the percentage increase in total annual compensation	The ratio of the percentage increase of the best pay person in total annual compensation is 1.55.	Cellnex group
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	88	Cellnex group
102-41	Collective bargaining agreements	96, 97	Spain
102-42	Identifying and selecting stakeholders	80, 120,121	Cellnex group
102-43	Approach to stakeholder engagement	80, 120,121	Cellnex group
102-44	Key topics and concerns raised	89, 96, 97, 120,121	Cellnex group
REPORTING PRACTICES			
102-45	Entities included in the consolidated financial statements	Consolidated Annual Accounts	Cellnex group
102-46	Defining report content and topic Boundaries	120-121	Cellnex group
102-47	List of material topics	121	Cellnex group
102-48	Restatements of information	There have been no restatements of information from previous reports.	Cellnex group

GRI: 102-55

Indicators		2018 Report	Perimeter of contents
102-49	Changes in reporting	The information in this report refers to Cellnex Spain and Italy, France and Switzerland, with the exception of the template breakdown information which also includes data from Cellnex Netherlands and UK. See the section 'Bases for the preparation of the report'.	Cellnex group
102-50	Period covered by the report	Financial Year	Cellnex group
102-51	Fecha del último informe	2017	Cellnex group
102-52	Reporting cycle	Annual	Cellnex group
102-53	Contact person for queries regarding the report	121 (cellnex@cellnextelecom.com)	Cellnex group
102-54	Claims of reporting in accordance with the GRI Standards	120	Cellnex group
102-55	GRI content index	Annex III	Cellnex group
102-56	External assurance	Annex VI	Cellnex group
MANAGEMENT APPROACH			
103-1(1)	Explicación del tema material y su cobertura	121	Cellnex group
103-2(1)	El enfoque de gestión y sus componentes	121	Cellnex group
103-3(1)	Evaluación del enfoque de gestión	121	Cellnex group
ECONOMIC STANDARDS			
MARKET PRESENCE			
201-1	Direct economic value generated and distributed	40-42	Cellnex group
MARKET PRESENCE			
202-2	Proportion of senior executives hired from the local com-munity	A 100% of Cellnex Spain management comes from the local community.	España, Italia, Francia y Suiza
INDIRECT ECONOMIC IMPACTS			
203-1	Investments in infrastructure and supported services	27-34	Grupo Cellnex
PROCUREMENT PRACTICES			
204-1	Proportion of procurement from local suppliers	103-104	España / Italia/ Francia/ Suiza
ANTI-CORRUPTION[6]			
205-2	Communication and training about anti-corruption policies and procedures	78 The money laundering issue is addressed in the Cellnex Corruption Prevention Procedure.	Cellnex group
205-3	Confirmed incidents of corruption and actions taken	79	Cellnex group

(1) Whenever the management approach of a material aspect of Cellnex is described in this document, it is indicated in the footnote with reference to the indicators GRI 103-1, 103-2, 103-3.

GRI: 102-55

Indicators		2018 Report	Perimeter of contents
UNFAIR COMPETITION			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In FY 2018, Cellnex received no complaints for anti-competitive or monopolistic practices, nor have the market or competition supervisory authorities initiated procedures ex officio. Likewise, it received no final judgments or any other type of sanction for such practices. See note 18.c) Consolidate Financial Statements.	Cellnex Group
ENERGY			
302-1	Energy consumption in the organisation	112	Spain / Italy/ France
302-2	Energy consumption outside the organisation	112 Cellnex considers all the energy consumed in its operating facilities as internal consumption	Spain / Italy/ France
302-3	Energy intensity	112	Cellnex group
302-4	Reduction of energy consumption	112	Cellnex group
BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	116	Spain / Italy
304-2	Significant impacts of activities, products and services on biodiversity	116	Spain / Italy
EMISSIONS			
305-1	Direct GHG emissions (scope 1)	115	Spain / Italy/ France
305-2	Indirect GHG emissions when generating energy (scope 2)	115	Spain / Italy/ France
305-3	Other indirect GHG emissions (scope 3)	115	Spain / Italy/ France
305-5	Reduction of GHG emissions	112-115	Spain / Italy/ France
ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	There were no environmental complaints in 2018	Cellnex group
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	104	Spain / Italy/ France/ Switzerland
EMPLOYMENT			
401-1	New employee hires and employee turnover	Annex V. KPIs Tables	Spain / Italy/ France/ Switzerland
WORKER-COMPANY RELATIONS			
401-3		91	

GRI: 102-55

Indicators		2018 Report	Perimeter of contents
402-1	Minimum notice periods regarding operational changes	Cellnex Spain: 2 weeks, following the established pre-notification periods. Cellnex Italia follows the periods established by the agreement of the Telecommunications Collective. Cellnex France: varies between 1 and 3 months, depending on the case. Switzerland: there is no minimum period required by law or by the company.	Spain / Italy/ France/ Switzerland
OCCUPATIONAL HEALTH AND SAFETY			
403-1	Worker representation on formal worker-company health and safety committees	96-97	Spain / Italy/ France/ Switzerland
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalitie	Annex V. KPIs Tables 99	Spain / Italy/ France/ Switzerland
TRAINING AND TEACHING			
404-1	Average hours of training per year per employee	Annex V. KPIs Tables 94	Spain / Italy/ France
404-2	Programmes to improve employee skills and transition assistance programmes	94, 96	Spain / Italy/ France
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governing bodies and employees	During 2018, Cellnex has employed 10 people with different capacities. Annex VI. KPIs Tables 71-74	Cellnex Group
405-2	Ratio of basic salary and remuneration of women to men	Annex V. KPIs Tables	Spain / Italy/ France/ Switzerland
406-1	Incidents of discrimination and corrective actions taken	79, 83, 84 These indicators are not material because of the type of operations we carry out. However, we have developed a human rights policy and comply with the legislation in force in each country where we operate.	Cellnex Group
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	79, 83, 84 These indicators are not material because of the type of operations we carry out. However, we have developed a human rights policy and comply with the legislation in force in each country where we operate.	Cellnex Group

GRI: 102-55

Indicators		2018 Report	Perimeter of contents
408-1	Operations and suppliers with significant risk of using child labour	79, 83, 84 These indicators are not material because of the type of operations we carry out. However, we have developed a human rights policy and comply with the legislation in force in each country where we operate.	Cellnex Group
409-1	Operations and suppliers at significant risk for incidents of child labour	79, 83, 84 These indicators are not material because of the type of operations we carry out. However, we have developed a human rights policy and comply with the legislation in force in each country where we operate.	Cellnex Group
HUMAN RIGHTS EVALUATION			
412-2	Employee training on human rights policies or procedures	Cellnex Italy has dedicated 584 hours in human rights training	Cellnex Group
SUPPLIER ENVIRONMENTAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	104	Spain / Italy/ France/ Swit-zerland
PUBLIC POLICY			
415-1	Political contributions	Only financial contributions have been made in Cellnex France, to an entity dedicated to the lobbying activity (Boury Tallon), worth € 66,000.	Cellnex group
CUSTOMER PRIVACY			
416-1	Assessment of the health and safety impacts of product and service categories	117-118	Cellnex group
CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of custo-mer privacy and losses of customer data	117-118	Cellnex group
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	During the financial year of 2018, a ruling has been issued, which has become final, rejecting Cellnex's con-tentious appeal against the sanction (Bellaterra-Sabadell Center) in the form of a fine imposed by the State Aviation Safety Agency for infractions typified in Law 21/2003, of July 7, on Air Safety.	Cellnex group

GRI: 102-55

Annex IV. Non-financial Information Table

Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
Current and foreseeable effects of the company's activities on the environment and, where appropriate:	Yes	GRI 102-15 Key impacts, risks and opportunities	
	Yes	GRI 102-29 Identifying and managing economic, environmental, and social impacts	
	Yes	GRI 102-31 Review of economic, environmental, and social topics	
Health and safety	Yes	GRI 102-15 Key impacts, risks and opportunities	
	Yes	GRI 102-29 Identifying and managing economic, environmental, and social impacts	
Environmental evaluation or certification procedures	Yes	GRI 102-15 Key impacts, risks and opportunities	
Resources dedicated to the prevention of environmental risks	Yes	GRI 102-15 Key impacts, risks and opportunities	
Application of the precautionary principle	Yes	GRI 102-11 Precautionary Principle or approach	
Amount of provisions	Yes	GRI 102-11 Precautionary Principle or approach	
Guarantees for environmental risks	Yes	GRI 102-11 Precautionary Principle or approach	
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution	Sí	GRI 103-2 The management approach and its components GRI 305 – Direct GHG emissions	
	Sí	GRI 302-4 Reduction of energy consumption	
	Sí	GRI 305-5 Reduction of GHG emissions	
Prevention, recycling, reuse, other forms of recovery and waste disposal	No	N/A	-
Actions to fight food waste	No	N/A	-
Water consumption and supply according to local constraints	No	N/A	-
	No	N/A	-
Consumption of raw materials and the measures adopted to improve the efficiency of their use	No	N/A	-
	No	N/A	-
Consumption, direct and indirect, of energy	Yes	GRI 302-1 Energy consumption within the organization	
	Yes	GRI 302-2 Energy consumption outside of the organization	
	Yes	GRI 302-3 Energy intensity	
Measures taken to improve energy efficiency	Yes	GRI 102-2 Activities, brands, products, and services (with vision to GRI 302 Energy)	
	Yes	GRI 302-4 Reduction of energy consumption	

Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
Use of renewable energies	Yes	GRI 302-1 Energy consumption within the organization (energy from renewable sources)	
Important elements of greenhouse gas emissions generated as a result of the activities of the company, including the use of the goods and services it produces	Yes	GRI 305-1 Direct (Scope 1) GHG emissions	
	Yes	GRI 305-2 Energy indirect (Scope 2) GHG emissions	
	Yes	GRI 305-3 Other indirect (Scope 3) GHG emissions	
The measures adopted to adapt to the consequences of Climate Change	Yes	GRI 103-2 The management approach and its components (with vision to GRI 300)	
	Yes	GRI 305-5 Reduction of GHG emissions	
	Yes	GRI 102-15 Key impacts, risks, and opportunities	
Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for this purpose.	Yes	RI 103-2 The management approach and its components (with vision to GRI 305-5 reduction of emissions GEI)	
Measures taken to preserve or restore biodiversity	Yes	GRI 103-2 The management approach and its components (with vision to GRI 304 Biodiversity)	
Impacts caused by activities or operations in protected areas	Yes	GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	Sí	GRI 304-2 Significant impacts of activities, products, and services on biodiversity	
Total number and distribution of employees by sex, age, country and professional category	Yes	GRI 102-8 Information on employees and other workers	
	Yes	GRI 405-1. b) The percentage of employees by employment category for each of the following diversity categories: sex and age group (indicate total number in addition to the percentage).	
Total number and distribution of work contract modalities	Yes	GRI 102-8 Information on employees and other workers	
Annual average of permanent, temporary and part-time contracts by sex, age and professional category	Yes	GRI 102-8 Information on employees and other workers	
Number of dismissals by sex, age and professional classification	Yes	GRI 401-1.b) Total number and turnover rate of personnel during the period concerning to this report, by age group, sex and region (only regarding dismissals)	
Average remunerations and their evolution disaggregated by sex, age and professional classification or equal value	Yes	Annex V. KPI Tables	
	Yes	Annex V. KPI Tables	
Wage gap	Yes	GRI 405-2 Ratio of basic salary and remuneration of women to men	

Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings forecast systems and any other perception disaggregated by sex	Yes	GRI 102-35 Remuneration polices	
Implementation of labor disconnection measures	Yes	We have not developed a global policy on labor disconnection measures. However, we respect local legislation and collective agreements in this area.	
Employees with disabilities	Yes	GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories (iii. vulnerable groups).	
Organization of working time	Yes	GRI 102-8. c) Total number of employees by employment contract (permanent and temporary), by gender.	
Absenteeism hours	Yes	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities (a)	
Measures designed to facilitate the enjoyment of conciliation and encourage joint responsibility of these by both parents.	Yes	Pg. 74-75	
Health and Safety working conditions	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 403 Health and Safety)	
Work accidents (frequency and seriousness) disaggregated by sex	Yes	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities (a)	
Occupational diseases (frequency and seriousness) disaggregated by sex	Yes	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities (a)	
Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them	Sí	GRI 102-43 Approach to stakeholder engagement (concerning unions and collective bargaining)	
	Sí	GRI 402-1 Minimum notice periods regarding operational changes	
	Sí	GRI 403-1 Workers representation in formal joint management-worker health and safety committees	
Percentage of employees covered by collective agreement by country	Yes	GRI 102-41 Collective bargaining agreements	
Balance of collective agreements, particularly in the field of health and safety at work	Yes	GRI 403-1 Worker representation on formal worker-company health and safety committees	

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Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
Policies implemented in the field of training	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 404- Training and education)	
	Yes	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	
Training hours by professional categories	Yes	GRI 404-1 Average hours of training per year per employee	
Universal accessibility for people with disabilities	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity and GRI 406-1 Non-discrimination)	
Measures taken to promote equal treatment and opportunities between men and women	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity)	
Equality plans	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity and GRI 406 Non-discrimination)	
Measures taken to promote employment	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 401 Employment)	
Protocols against sexual and gender-based harassment	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity and GRI 406 Non-discrimination)	
The integration and universal accessibility of people with disabilities	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity and GRI 406 Non-discrimination)	
Policy against all types of discrimination and, where appropriate, management of diversity	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405 diversity and equal opportunity and GRI 406 Non-discrimination)	
Application of due diligence procedures in human rights	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 412 Human Rights Assessment)	
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 412 Human Rights Assessment)	
Complaints about cases of human rights violations	Yes	GRI 102-17 Mechanisms for advice and concerns about ethics (complaints received and resolution)	
	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 412 Human Rights Assessment)	
Promotion and compliance with the provisions of the fundamental OIT conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 406 Non-discrimination; and 412 Human Rights Assessment)	

Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
Measures taken to prevent corruption and bribery	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 205-2 Communication and training about anti-corruption policies and procedures.	
Measures to combat money laundering	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 205 Anti-corruption)	
Contributions to foundations and non-profit entities	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 205 Anti-corruption)	
	Yes	GRI 201-1 Direct economic value generated and distributed (Community Investments)	
	Yes	GRI 415 – Public Policy	
Impact of the activity of society on employment and local development	Yes	GRI 204-1 Proportion of spending on local suppliers	
Impact of society's activity on local populations and territory	Yes	GRI 203-1 Investments in infrastructure and supported services	
Relationships maintained with the actors of the local communities and the modalities of dialogue with these	Yes	GRI 102-43 Approach to stakeholder engagement	
	No	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	
Association or sponsorship actions	Yes	GRI 102-13 Membership of associations	
	Yes	GRI 201-1 Direct economic value generated and distributed	
Inclusion in the purchasing policy of social issues, gender equality and environmental issues	Yes	GRI 103-3 Evaluation of the management approach (with vision to the GRI 308 and GRI 414)	
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Yes	GRI 103-3 Evaluation of the management approach (with vision to the GRI 308 and GRI 414)	
	Yes	GRI 308-1 New suppliers that were screened using environmental criteria	
	No	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	
	Yes	GRI 414-1 New suppliers that were screened using social criteria	
Supervision systems and audits and their results	Yes	Not included in GRI	
Measures for the health and safety of consumers	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 416 Customer Health Safety)	
	Yes	GRI 416-1 Assessment of the health and safety impacts of product and service categories	
Claims systems, complaints received and resolution of them	Yes	GRI 102-17 Mechanisms for advice and concerns about ethics	
	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 416 Customer Health Safety)	
	Yes	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
Benefits obtained by country	Yes	This information is provided in the Consolidates Annual Accounts	

Legal content	¿Is it material? YES/NO	Standard used (GRI or Other)	Observations (explanations, limitations, scope clarifications, etc.)
Taxes on paid benefits	Yes	Pg. 34.	
Public subsidies received	Yes	There hasn't been significant financial assistance received from government	
Description of the diversity policy applied in relation to the board of directors, of management and of the specialized commissions that are constituted within it (age, gender, disability, training, professional experience).	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405-1 Diversity of governance bodies and employees)	
Description of the diversity policy applied in relation to the board of directors, of management and of the specialized commissions that are constituted within it (age, gender, disability, training, professional experience).	Sí	GRI 102-24. b) Los criterios empleados para designar y seleccionar a los miembros del máximo órgano de gobierno e incluir si y cómo: ii. Se tiene en cuenta la diversidad.	
Goals	Yes	GRI 103-2 The management approach and its components (with vision to the GRI 405-1 Diversity of governance bodies and employees)	
Measures adopted and the ways in which they have been applied (in particular, the procedures to include in the Council a number of women that allows achieving a balanced presence of both genders)	Yes	GRI 103-2 The management approach and its components (with vision to GRI 405-1 Diversity of governance bodies and employees)	
Results obtained	Yes	GRI 405-1. a) The percentage of people in the governing bodies of the organization for each of the following diversity categories: sex, age group: under 30, between 30 and 50, over 50, other indicators of diversity, when it applies (as minority groups or vulnerable groups).	
Measures agreed by the Appointments Committee regarding these issues	Yes	GRI 103-2 The management approach and its components (with vision to GRI 405-1 Diversity of governance bodies and employees)	
Any other information that is significant	Yes	GRI 102-47 List of material topics	

Annex V. KPI tables

GRI 405-1 Diversity of governance bodies and employees

GRI 405-1

		Spain				France	
		Board of Directors	Top management	Senior Management/ Directors/ Managers	Coordinators/The rest of the staff	Senior Management/ Directors/ Managers	Coordinators/ The rest of the staff
Under 30 years old	Women	0	0	0	20	0	3
	Men	0	0	0	30	0	2
	Minority groups	0	0	0	0	0	0
30-45 years old	Women	1	0	10	141	1	7
	Men	0	1	33	414	0	8
	Minority groups	0	0	1	1	0	0
46-55 years old	Women	3	0	14	72	0	2
	Men	3	3	47	355	1	2
	Minority groups	0	0	0	3	0	0
More than 55 years old	Women	0	0	0	10	1	0
	Men	5	4	7	51	1	2
	Minority groups	0	0	0	0	0	0

GRI 405-1

		Italy		Switzerland	
		Senior Management/ Directors/ Managers	Coordinators/The rest of the staff	Senior Management/ Directors/Managers	Coordinators/The rest of the staff
Under 30 years old	Women	0	1	0	2
	Men	0	5	0	2
	Minority groups	0	1	0	0
30-45 years old	Women	2	23	0	2
	Men	3	33	0	6
	Minority groups	1	3	0	0
46-55 years old	Women	0	14	0	1
	Men	5	32	3	4
	Minority groups	0	0	0	0
More than 55 years old	Women	0	3	0	0
	Men	2	11	1	2
	Minority groups	0	0	0	0

GRI 102-8 Information on employees and other workers (Total number of employees by employment contract and type (permanent or temporary, and full-time or part-time), by gender and region):

GRI 102-8

		Spain					
		Top management		Senior Management/ Directors/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men
Fix	Full-time	0	8	24	86	239	839
	Part-time	0	0	0	0	0	0
Tempo-rary	Full-time	0	0	0	1	4	11
	Part-time	0	0	0	0	0	0

GRI 102-8

		France					
		Top management		Senior Management/ Directors/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men
Fix	Full-time	0	0	2	2	12	13
	Part-time	0	0	0	0	0	0
Temporary	Full-time	0	0	0	0	0	1
	Part-time	0	0	0	0	0	0

GRI 102-8

		Italy					
		Top management		Senior Management/ Directors/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men
Fix	Full-time	0	0	2	10	40	79
	Part-time	0	0	0	0	1	1
Temporary	Full-time	0	0	0	0	0	1
	Part-time	0	0	0	0	0	0

GRI 102-8

		Switzerland					
		Top management		Senior Management/ Directors/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men
Fix	Full-time	0	0	0	4	5	14
	Part-time	0	0	0	0	0	0
Temporary	Full-time	0	0	0	0	0	0
	Part-time	0	0	0	0	0	0

		Senior Management	Managers/Directors	Coordinators & Others
Men	Fix	100.00%	77.86%	75.08%
	Temporary	0.00%	0.76%	1.03%
	Part-time	0.00%	0.00%	1.11%
Women	Fix	0.00%	21.37%	23.57%
	Temporary	0.00%	0.00%	0.32%
	Part-time	0.00%	0.00%	0.40%

	<30	30-45	46-55	>55	Total
Fix	3.65%	49.11%	39.31%	6.65%	98.71%
Temporary	1.00%	0.14%	0.00%	0.14%	1.29%
Part-time	0.00%	0.07%	0.07%	0.00%	0.14%

GRI 102-41 Collective bargaining agreements

Country	Employees covered by collective bargaining agreements	% of employees covered by collective bargaining agreements
Spain	1,107	91.34%
Italy	134	100%
France	30	100%
Switzerland	23	0%
Total (scope of the report, excluding the Netherlands and the United Kingdom)	1,294	92%

GRI 401-1 Total number and rate of employee turnover during the reporting period, by age group, gender and region (only relative to layoffs):

		Spain			France	
		Top management	Senior Management/ Directors/ Managers	Coordinators/ The rest of the staff	Senior Management/ Directors/ Managers	Coordinators/ The rest of the staff
Under 30 years old	Women	0	0	1	0	0
	Men	0	0	0	0	1
	Minority groups	0	0	0	0	0
30-45 years old	Women	0	0	0	0	0
	Men	0	0	0	0	0
	Minority groups	0	0	0	0	0
46-55 years old	Women	0	0	0	0	0
	Men	0	0	0	0	3
	Minority groups	0	0	0	0	0
More than 55 years old	Women	1	0	7	0	0
	Men	0	6	78	0	0
	Minority groups	0	0	0	0	0

		Italy		Switzerland	
		Senior Management/ Directors/ Managers	Coordinators/ The rest of the staff	Senior Management/ Directors/ Managers	Coordinators/ The rest of the staff
Under 30 years old	Women	0	0	0	0
	Men	0	0	0	0
	Minority groups	0	0	0	0
30-45 years old	Women	0	0	0	0
	Men	0	0	0	0
	Minority groups	0	0	0	0
46-55 years old	Women	0	0	0	0
	Men	0	0	1	0
	Minority groups	0	0	0	0
More than 55 years old	Women	0	0	0	0
	Men	0	0	0	0
	Minority groups	0	0	0	0

Average remunerations and their evolution disaggregated by sex, age and professional classification or equal value (Euros):

Spain		Woman	Man
Base salary	Board of directors [1]	77,000.00	118,000.00
	CEO	-	700,000.00
	Top Management	-	277,142.86
	Senior Management/Directors/Managers	80,485.33	84,470.29
	Coordinators/The rest of the staff	40,242.84	42,312.90
Base salary + Other kind of incentives	Board of directors	-	-
	CEO	-	2,627,400.00
	Top Management	-	403,857.14
	Senior Management/Directors/Managers	97,644.00	105,148.12
	Coordinators/The rest of the staff	44,434.73	45,964.91

[1] Data on salaries accrued and therefore in proportion to the date of incorporation. The remuneration of the members of the Board of Directors is equitable and does not differentiate by gender.

		France		Italy		Switzerland	
		Women	Men	Women	Men	Women	Men
Base Salary	Senior Management/ Directors/Managers	89,000.00	121,500.00	85,000.00	112,599.99	-	202,296.50
	Coordinators/The rest of the staff	48,076.92	66,546.15	36,157.71	45,978.15	113,400.00	136,428.57
Base Salary + Other types of incentives	Senior Management/ Directors/Managers	103,400.00	159,300.00	99,487.50	142,871.98	-	248,505.80
	Coordinators/The rest of the staff	52,250.00	74,162.12	37,905.86	48,960.83	127,240.00	152,785.71

Salary by age	Spain	Italy	France	Switzerland
<30	31,059.00	28,778.00	54,725.00	111,925.00
30-45	46,097.00	46,603.00	61,780.00	154,188.00
46-55	59,582.00	61,458.00	75,370.00	188,440.00
>55	83,928.00	70,743.00	129,313.00	193,500.00

Wage development	The development of salaries from 2017 to 2018 was 9.16%.

405-2 Ratio of basic salary and remuneration of women to men Gender Gap*

Gender Gap	2016	2017	2018
Spain	-	-	3.68%
France	-	-	30.29%
Italy	-	-	23.17%
Switzerland	-	-	16.72%
Cellnex group	74,981	80,557	6.29%

*The gender gap has only been calculated for 2018. In 2016 and 2017, the average salary of all Cellnex workers is indicated. Weighted average by professional category, including Directors, Managers and Heads of Unit in the same category (middle management). Non-indicative data in countries where teams are small and still under development (mainly France and Switzerland).

	Spain	France	Italy	Switzerland
Ratio of the difference between the lowest salary and minimum inter-professional salary	1.81	1.56	1.09	1.37

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities. Absenteeism hours by region:

	Spain	France	Italy	Switzerland
Absenteeism hours	70,387.50	968.34	4,288.00	392.00

GRI 305-1, 305-2, 305-3 GHG emissions Cellnex Spain, Italy and France (tCO_2 eq.)

Emissions Cellnex Spain	2016	2017	2018
Scope 1	2,420	1,266	1,877
Scope 2	62,957	84,759	105,619
Scope 3	37,400	3,014	3,146

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

Emissions Cellnex France	2016	2017	2018
Scope 2	-	-	110

Emissions Cellnex Italy	2016	2017	2018
Scope 1	754	497	668
Scope 2	68,837	76,990	82,625

GRI 404-1 Average hours of training per year per employee disaggregated by sex and professional classification

	Spain		Corporation	
	Men	Women	Men	Women
Top Management	0	0	157.98	1.00
Senior Management/Directors/Managers	1,528.60	525.20	1,117.18	327.42
Coordinators/The rest of the staff	33,729.74	3,938.03	2,237.48	1,880.96
Total	35,258.34	4,463.23	3,512.64	2,209.38

	France		Italy	
	Men	Women	Men	Women
Top Management	-	-	-	-
Senior Management/Directors/Managers	30.00	60.00	646.00	180.00
Coordinators/The rest of the staff	657.00	443.00	4,222.00	1,636.00
Total	687.00	503.00	4,866.00	1,816.00

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

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

INDEPENDENT LIMITED ASSURANCE REPORT

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the 2018 Consolidated Director's Report (CDR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2018 of Cellnex Telecom, S.A. and subsidiaries ("Cellnex" or "the Group").

The Consolidated Director's Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "GRI Table" and the table of "Non-financial Information Table" in the Appendices to the CDR.

Responsibilities of the Directors

The preparation and content of the Cellnex Telecom CDR is the responsibility of the Board of Directors of Cellnex. The CDR was prepared in accordance with GRI standards in their core option, and with the standards established in the AA1000AP Assurance Standard issued by AccountAbility. The NFIS included in the CDR was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of "Non-financial Information Table" in the Appendices to the CDR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CDR and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Cellnex are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CDR and the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we have applied AccountAbility's AA1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA100AP and on the sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various units of Cellnex that participated in the preparation of the CDR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CDR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Cellnex personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the CDR based on the materiality analysis performed by Cellnex and described in the "Bases for the preparation of the report" section of chapter 6 of the CDR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2018 CDR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Bases for the preparation of the report" section of chapter 6 of the CDR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "GRI Table" and the table of "Non-financial Information Table" in the Appendices to the CDR, and the appropriate compilation thereof based on the data furnished by Cellnex's information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matter has come to our attention that causes us to believe that:

A) The NFIS included in the 2018 CDR of Cellnex was not prepared, in all material respects, including the adequacy of the contents revised detailed in the "GRI Table", in accordance with GRI standards in their core option.

B) Cellnex's NFIS for the year ended 31 December 2018 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of "Non-financial Information Table" in the Appendices to the CDR.

C) Cellnex did not apply in the preparation of the CDR the principles of inclusivity, materiality and responsiveness as described in the Appendices to the IAR, in accordance with AA1000 APS (2008), namely:

  - Inclusivity: Cellnex has developed a stakeholder participation process, enabling stakeholders to be considered 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.

Additional information

Pursuant to the provisions of the AA1000AS 2008 Standard, we presented to management of Cellnex our recommendations relating to the areas for improvement in management and non-financial information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Following is a summary of the most significant observations and recommendations, which do not modify the conclusions expressed in this report.

Inclusivity and materiality

In 2018, Cellnex has updated its materiality study, following the standards established in the AA1000, supported by various analyses and consultations with certain stakeholders. In order to improve, it would be advisable to continue deepening the consultations with the rest of the stakeholders involved in the current business value chain.

Responsiveness

In 2018, Cellnex has continued to make progress in achieving the objectives defined in its 2016-2020 Corporate Social Responsibility Master Plan, which constitutes the reference framework for the objectives and actions and programs for each of the Plan's axes in the business units 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 Plan to all business units in order to ensure compliance with the Corporate Social Responsibility policy in an integral manner.

Cellnex has continued working in the integration of new businesses to the perimeter of non-financial information reporting. In 2019, it would be advisable to include new indicators that provide information, not only of the corporate responsibility actions developed, but also of the actual impact of these actions on business.

DELOITTE, S.L.

21 February 2019

AA1000
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000-14

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Annex VII. Corporate Carbon Footprint Certification

Certificate

Standard	**UNE-ISO 14064-1:2012 Greenhouse gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.**
Certificate Registr. No.	00/160069
	TÜV Rheinland Ibérica Inspection, Certification & Testing S.A. certify:
Certificate Owner:	**CELLNEX TELECOM, S.A.** C/ Juan Esplandiú, 11-13 28007 Madrid Spain
Scope:	Independent infrastructure operator for wireless telecommunication in Europe.
	An audit was performed, Report No. 00/160069. Proof has been furnished that the requirements according to UNE-ISO 14064-1:2012 are fulfilled.
Audit date:	Audit was performed from 2019-01-14 until 2019-01-15.
Validated inventory:	2018
First validated inventory:	2018
	The certificate is valid from 2019-02-08 until 2020-02-07.

2019-02-08 TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.
Garrotxa, 10-12 – E-08820 El Prat de Llobregat

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Certificate

Standard	**UNE-ISO 14064-3:2012. Greenhouse gases. Part 3: Specification with guidance for the validation and verification of declarations on greenhouse gases.**
Certificate Registr. No.	00/160069
	TÜV Rheinland Ibérica Inspection, Certification & Testing S.A. certify:
Certificate Owner:	**CELLNEX TELECOM, S.A.** C/ Juan Esplandiú, 11-13 28007 Madrid Spain
Scope:	Independent infrastructure operator for wireless telecommunication in Europe.
	An audit was performed, Report No. 00/160069. Proof has been furnished that the requirements according to UNE-ISO 14064-3:2012 are fulfilled.
Audit date:	Audit was performed from 2019-01-14 until 2019-01-15.
Validated inventory:	2018
First validated inventory:	2018
	The certificate is valid from 2019-02-08 until 2020-02-07.

2019-02-08 TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.
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Annex VIII. Annual Governance Report

Note: This document is a translation of a duly approved Spanish language document, and is provided for information purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document which this translation is intended to reflect, the text of the original Spanish language document shall prevail.

ANNEX I TEMPLATE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER IDENTIFICATION

YEAR- END DATE 2018

Tax Identification No.
[C.I.F.] A-64907306

Company Name:

CELLNEX TELECOM, S.A.

Registered Office:

JUAN ESPLANDIÚ STREET 11-13, 28007 MADRID

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A CAPITAL STRUCTURE

A.1 Complete the table below with details of the share capital of the company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
21/11/2014	57,920,810.00	231,683,240	231,683,240

Remarks

Please state whether there are different classes of shares with different associated rights:

:

Yes ☐ No X☐

Class	Number of shares	Par value	Number of votes	Associated rights

Remarks

A.2 Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
40 NORTH LATITUDE MASTER FUND LTD	1.00	0.00	0.00	0.00	1.00
ATLANTIA S.P.A	0.00	0.00	0.00	5.98	5.98
BLACKROCK INC.	0.00	4.74	0.00	1.25	6.00
CANADA PENSION PLAN INVESTMENT BOARD	3.15	0.00	0.00	0.00	3.15
CRITERIA CAIXA, S.A.U.	5.00	0.00	0.00	0.00	5.00
EDIZIONE S.R.L.	0.00	29.90	0.00	0.00	29.90
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	0.00	5.00	0.00	0.00	5.00

PERMIAN INVESTMENT PARTNERS, LP	0.00	3.15	0.00	0.00	3.15
THREADNEEDLE ASSET MANAGEMENT LIMITED	0.00	5.00	0.00	0.00	5.00

Remarks

Breakdown of the indirect holding

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
BLACKROCK INC.	SEVERAL FUNDS NOT REQUIRED TO REPORT INDIVIDUALLY	4.74	1.25	6.00
EDIZIONE S.R.L.	CONNECT S.P.A.	29.90	0.00	29.90
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CRITERIA CAIXA, S.A.U.	5.00	0.00	5.00

Remarks

State the most significant shareholder structure changes during the year:

CANTILLON CAPITAL MANAGEMENT LLC	11/01/2018	Fell below 3% of share capital
BLACKROCK INC.	17/01/2018	Exceeded 5% of share capital
BLACKROCK INC.	18/01/2018	Fell below 5% of share capital
BLACKROCK INC.	25/01/2018	Exceeded 5% of share capital
BLACKROCK INC.	26/01/2018	Fell below 5% of share capital
THREADNEEDLE INVESTMENT SERVICES LIMITED	02/02/2018	Exceeded 3% of share capital
BLACKROCK INC.	09/02/2018	Exceeded 5% of share capital
40 NORTH LATITUDE MASTER FUND LTD.	23/02/2018	Exceeded 1% of share capital (only tax havens)

MASSACHUSETTS FINANCIAL SERVICES COMPANY	08/03/2018	Fell below 5% of share capital
MASSACHUSETTS FINANCIAL SERVICES COMPANY	16/03/2018	Reached 5% of share capital
MASSACHUSETTS FINANCIAL SERVICES COMPANY	03/04/2018	Fell below 5% of share capital
THREADNEEDLE ASSET MANAGEMENT LIMITED	16/04/2018	Exceeded 5% of share capital
BLACKROCK INC.	17/04/2018	Fell below 5% of share capital
BLACKROCK INC.	18/04/2018	Exceeded 5% of share capital
BLACKROCK INC.	19/04/2018	Fell below 5% of share capital
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS S.A.	17/05/2018	Reached 34% of share capital
ABERTIS INFRAESTRUCTURAS, S.A.	07/06/2018	Fell to 29.9% of share capital
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS S.A.	07/06/2018	Fell to 29.9% of share capital
FIL LIMITED	10/07/2018	Fell to 1% of share capital (only tax havens)
CONNECT S.P.A.	12/07/2018	Reached 29.9% of share capital
ABERTIS INFRAESTRUCTURAS, S.A.	12/07/2018	Sold all the share capital
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS S.A.	12/07/2018	Fell below 3% of share capital
ATLANTIA, S.P.A.	24/07/2018	Exceeded 5% through financial instruments
CANADA PENSION PLAN INVESTMENT BOARD	03/08/2018	Exceeded 3% of share capital
THREADNEEDLE ASSET MANAGEMENT LIMITED	08/11/2018	Fell below 3% of share capital
MASSACHUSETTS FINANCIAL SERVICES COMPANY	09/08/2018	Fell below 3% of share capital
PERMIAN INVESTMENT PARTNERS, LP	20/11/2018	Exceeded 3% of share capital

Most significant movements

A.3 In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MARTINEZ GIMENO, TOBÍAS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
PIERRE BLAYAU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KAN, BERTRAND BOUDEWIJN	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	0.02

Remarks

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
PIERRE BLAYAU	HARBOUR CONSEILS	0.00	0.00	0.00	0.00

Remarks

A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related Party	Nature of relationship	Brief description

A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related party	Nature of relationship	Brief description
ABERTIS INFRAESTRUCTURAS, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS
CONNECT S.P.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS

BLACKROCK INC.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS
THREADNEEDLE ASSET MANAGEMENT LIMITED	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS
CRITERIA CAIXA, S.A.U.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS

A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR. Marco Patuano	CONNECT S.p.A	EDIZIONE S.R.L.	Edizione S.r.l. CEO
MR. CARLO BERTAZZO	CONNECT S.p.A	EDIZIONE S.R.L.	Edizione S.r.l. General Manager
MS ELISABETTA DE BERNARDI DI VALSERRA	CONNECT S.p.A	EDIZIONE S.R.L.	Edizione S.r.l. Chief Investments Officer
MR. JOHN BENEDICT MCCARTHY	CONNECT S.p.A	N.A.	Director of Infinity Investments, S.A. (which in turn holds a c. 20% stake in ConnecT, S.p.A.)

Remarks

A.7 State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

Yes X☐ **No** ☐

Parties to the shareholders' agreement	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable
Edizione Srl ConnecT SpA Sintonia SpA Atlantia SpA	5.98%	Co-investment contract dated 24 July 2018 containing certain shareholder agreements comprising the right granted by Sintonia to Atlantia to co-invest up to 5.98% in Cellnex. Its specific terms are available on the CNMV's and Cellnex's websites.	2 Years
Infinity Investments, S.A Raffles Infra Holdings Limited ConnecT SpA Sintonia SpA	29.9%	Shareholder agreement dated 9 October 2018 whereby, once completed, Sintonia will own approximately 60% of the share capital of ConnecT and Infinity and Raffles will own approximately 20%, respectively (ConnecT owns 29.9% of Cellnex). The agreement contains certain shareholder covenants aimed at regulating the appointment of proprietary directors at Cellnex and establishing supermajority quorums to adopt certain agreements at ConnecT and/or Cellnex. Its specific terms are available on the CNMV's and Cellnex's websites.	4 Years

Remarks

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐ **No** X☐

Parties to the concerted action	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

Remarks

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

Yes ☐ **No** X☐

Name of individual or company

Remarks

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
263,855	-	0.11%

Remarks

(*) through:

Name of direct shareholder	Number of direct shares
Total:	

Remarks

Explain any significant changes during the year:

Explain significant changes

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

On 31 May 2018, the General Shareholders' Meeting of Cellnex Telecom adopted the following ninth resolution:

Authorize the Board of Directors of the Company to proceed with the derivative acquisition of treasury stock, either directly by the Company itself or indirectly through its subsidiaries, in accordance with the provisions of Articles 146 and 509 of the Law on Corporations, and the terms set out below:

1. Modalities: Acquisition may be by way of sale, exchange, donation, allocation or dation in payment, and in general, any other form of acquisition for valuable consideration of outstanding and fully paid shares permitted by Law.
2. Maximum number of shares acquirable: Up to the legal limit of ten percent (10%) of the share capital or higher as permitted by Law.
3. Maximum and minimum prices: The price or consideration will range from a minimum equivalent to their nominal value and a maximum equivalent to the higher of (i) 110% of the share price of the shares of the Company in the Continuous Market at the time of acquisition or, if the acquisition is executed outside the working hours of the Continuous Market, the closing price of the last trading session before the acquisition; and (ii) the one that results from increasing by a 10% the maximum stock exchange price of the three months before the acquisition takes place.
4. Duration of authorization: The period of validity of the authorization shall be five years from the date of this agreement.

The shares acquired in this way will not enjoy any political rights, not even the right to vote, the corresponding economic rights being attributed proportionally to the other shares in accordance with the provisions of Article 148 of the Law on Corporations.

Also, and for the purposes set out in Paragraph two of number 1.a) of Article 146 of the Law on Corporations, it is proposed to grant express authorization for the acquisition of Company shares by any of the subsidiaries under the same terms herein.

It is expressly stated that the shares acquired pursuant to this authorization may be used both for transfer or redemption, and for their direct delivery to the employees or directors of the Company or as a result of the exercise of any option rights they may hold, as provided for in Paragraph three 1.a) of Article 146 of the Law on Corporations.

Finally, it is proposed to render ineffective by the amount not used Decision Five adopted by the then Sole Shareholder of the Company on 10 April 2015, whereby the Board of Directors of the Company was authorized to proceed with the derivative acquisition of treasury stock directly or through group companies for the disposal thereof

01
02
03
04
05
06
07

A.11 Estimated working capital:

	%
Estimated working capital	51.75

Remarks

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes ☐ **No** X☐

Description of restrictions

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

Yes ☐ **No** X☐

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

A.14 State if the company has issued shares that are not traded on a regulated EU market.

Yes ☐ **No** X☐

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

Yes ☐ **No** X☐

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions

Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

Yes ☐ **No** X☐

Describe how it is different from that contained in the LSC.

	Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters	**Other matters requiring a qualified majority**
% established by the company for adoption of resolutions		

Describe the differences

B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

The rules included in the Spanish Limited Liability Companies Law shall be applied to the majorities required to amend the corporate bylaws.

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

	Attendance data				
Date of General Meeting	**% physically present**	**% present by proxy**	**% distance voting**		**Total**
			Electronic voting	**Other**	
30/06/2016	46.52	31.18	0.00	0.00	77.70
Of which free float:	0.52	16.63	0.00	0.00	17.15
27/04/2017	40.63	36.69	0.00	0.00	77.32
Of which free float:	0.63	16.62	0.00	0.00	17.25
31/05/2018	34.15	49.39	0.00	0.00	83.54
Of which, free float:	0.16%	35.15%	0.00	0.0	35.31%

Remarks
The shareholders cannot be firmly identified based on the attendance list since there are institutional investors.

B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

Yes ☐ No X☐

Points on agenda not approved	% votes against (*)

(*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

Yes X☐ No ☐

Number of shares required to attend General Meetings	100
Number of shares required for distance voting	100

Remarks

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes ☐ No X☐

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The "Shareholders and investors" section on the website www.cellnextelecom.com, provides the information required by Section 539(2) of the Spanish Law on Limited Liability Companies and by National Securities Market Commission Circular 3/2015.

C COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	13
Minimum number of directors	4
Number of directors set by the general meeting	12

Remarks

C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
Mr MARCO PATUANO		Proprietary	CHAIRMAN	13/07/2018	13/07/2018	CO-OPTION
Mr TOBÍAS MARTÍNEZ GIMENO		Executive	CEO	17/11/2014	30/06/2016	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Mr BERTRAND BOUDEWIJN KAN		Independent	DEPUTY CHAIRPERSON	16/04/2015	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Mr GIAMPAOLO ZAMBELETTI		Independent	COORDINATING DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Mr CARLO BERTAZZO		Proprietary	DIRECTOR	13/07/2018	13/07/2018	CO-OPTION
Mr PIERRE BLAYAU		Independent	DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Ms ANNE BOUVEROT		Independent	DIRECTOR	31/05/2018	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Ms ELISABETTA DE BERNARDI DI VALSERRA		Proprietary	DIRECTOR	13/07/2018	13/07/2018	CO-OPTION

Ms MARIETA DEL RIVERO BERMEJO		Independent	DIRECTOR	27/04/2017	27/04/2017	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Ms MARÍA LUISA GUIJARRO PIÑAL		Independent	DIRECTOR	31/05/2018	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION
Mr JOHN BENEDICT MCCARTHY		Proprietary	DIRECTOR	16/10/2018	16/10/2018	CO-OPTION
Mr LEONARD PETER SHORE		Independent	DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDER'S MEETING RESOLUTION

Total number of directors	12

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
Mr LUIS DEULOFEU FUGUET	Proprietary	16/04/2015	15/02/2018		YES
Mr FRANCISCO REYNÉS MASSANET	Proprietary	30/06/2016	15/02/2018		YES
Mr FRANCISCO JOSÉ ALJARO NAVARRO	Proprietary	30/06/2016	12/07/2018	Audit and Control Committee	YES
Mr JOSEP MARIA CORONAS GUINART	Proprietary	30/06/2016	12/07/2018	Nominations and Remuneration Committee	YES
Mr ANTONIO DAVID DIAZ ALMAZÁN	Proprietary	15/02/2018	12/07/2018		YES
Mr CARLOS DEL RIO CARCAÑO CAÑO	Proprietary	15/02/2018	12/07/2018		YES
Mr ANDREA PEZZANGORA	Proprietary	13/07/2018	12/10/2018	Nominations and	YES

				Remuneration Committee	

Reason for leaving and other remarks
Messrs Francisco Reynés Massanet and Luis Deulofeu Fuguet resigned as proprietary directors of Abertis Infraestructuras, S.A. for personal reasons and they were replaced by Messrs David Díaz Almazán and Carlos del Río Carcaño, proprietary directors of the same shareholder. When Abertis Infraestructuras, S.A. transferred its shares on 12/07/2018, Messrs Francisco José Aljaro Navarro, Josep Maria Coronas Guinart, David Díaz Almazán and Carlos del Río Carcaño, proprietary directors at Cellnex, resigned, in accordance with Recommendation 20 of the Code of Good Governance for Listed Companies, and they were replaced by the directors of the acquirer, Connect S.p.A.. Mr Andrea Pezzangora, proprietary director of Connect S.p.A. (Edizione Group), tendered his resignation on 12/10/2018 and was replaced by proprietary director Mr John B. McCarthy as a result of the shareholder agreements notified to the CNMV on the same date by Edizione S.r.l. between Sintonia S.p.A., ConnecT S.p.A., Infinity Investments, S.A. and Raffles Infra Holdings Limited in relation to Cellnex Telecom S.A.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisational chart of the company	Profile
MR TOBÍAS MARTINEZ GIMENO	CEO	Tobias Martinez is the company's top-ranking executive (CEO). He is also Director of other companies forming part of the Cellnex Group: Retevisión I, Tradia Telecom, OnTower, Cellnex España. He joined Acesa Telecom (Abertis Group) in the year 2000, first as Board Member and Director General of Tradia, and subsequently of Retevisión. Before joining the Abertis Group, he headed his own business project in Information and Telecommunication Systems for more than 10 years. He studied Telecommunications Engineering and holds a Diploma in Top Management from the IESE Business School (PADE) and a Diploma in Marketing Management from the Instituto Superior de Marketing de Barcelona (Higher Institute of Marketing of Barcelona).

Total number of executive directors	1
Percentage of Board	8.33%

Remarks

PROPRIETARY DIRECTORS

Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
MR MARCO PATUANO	CONNECT S.p,A.	He has developed most of his professional career at Gruppo Telecom Italia (1990-2016), where he became CEO in 2011. Whilst at Telecom Italia, he participated at the startup of TIM (1995-2001) and he spent six years abroad (2002-2008) as CFO of TIM Brazil, General Manager for Latin America and CEO Telecom Argentina. In this period he sat and chaired several boards of various listed companies both in local markets and in the USA. From 2013 to 2016 he has been Board Member of the GSMA. As a director of

		GSMA he chaired the Regulatory Group and he was member of the Strategy Group and the Finance Group. Till 2016 he was also a director of Fondazione Telecom Italia, Fondazione Bocconi and the European Institute of Oncology and has worked with various universities in Italy and the USA. In January 2017 he became CEO of Edizione S.r.l., the Benetton family holding company. Is director of Atlantia S.p.A., Autogrill S.p.A., AC Milan S.p.A., Benetton Group Srl and the other companies forming part of the Edizione Group: Sintonia, ConnecT, Schema 33, Edizione Property. He graduated in business economics at Università Bocconi, Milan, and did post-graduate studies in Europe and the United States.

MR CARLO BERTAZZO	CONNECT S.p.A.	Is the General Manager of Edizione Srl, the Benetton family holding company. He is also Director of other companies forming part of the Edizione Group: Sintonia (CEO), ConnecT, Schema 33. In addition he is board member of Abertis Infraestructuras, Atlantia and Aeroporti di Roma. He has been in Edizione since 1994 and has played a key role in the diversification process of the Group over the years, managing the acquisitions of Autogrill and Generali Supermercati (1995), Atlantia (2000), a stake in Telecom Italia (2001) and Gemina (2005), now called Aeroporti di Roma, merged into Atlantia. He also contributed in the development of the partnerships that Edizione over time built with Italian and

		international investors. He has had an active role in the management of the investments of Edizione, covering also an operating position as the CEO of the listed company Gemina (2011-2013), and being a board member of several companies including TIM and Telecom Italia Media. He also ran the key disposals of the Group, such as the sale of Generale Supermercati to Carrefour (2000) and of World Duty Free to Dufry (2015). Previously to joining Edizione, he had worked in the financial sector (Banca Commerciale Italiana, now Banca Intesa) and in the investment department of the Agnelli family holding company. He holds a degree in Business and Administration *Magna cum Laude* from Ca' Foscari

		University in Venice.
MS ELISABETTA DE BERNARDI DI VALSERRA	CONNECT S.p.A.	Is the Investment Director in Edizione Srl since 2015. She is also Director of other companies forming part of the Edizione Group: ConnecT (CEO), Sintonia. In addition she is Board Member of Atlantia and Getlink. She started her career in Morgan Stanley (2000) in the investment banking team, where she worked in the *Communications & Media* team in London and then in the corporate finance team in Milan, where she remained until 2013 as Executive Director. In Morgan Stanley, she advised on several transactions, including M&A, equity and debt transactions. Between 2013 and 2015, she has been a partner of Space Holding, launching and placing on the

		Italian Stock Exchange the Special Purpose Acquisition Vehicles Space SpA and Space 2 SpA, who have completed their business combinations merging with Fila, Avio and Aquafil. She graduated in Electronic Engineering *Magna cum Laude* at Università degli Studi di Pavia.
MR JOHN BENEDICT MCCARTHY	CONNECT S.p.A.	John Benedict McCarthy has been the Global Head of Infrastructure, Real Estate and Infrastructure Department at Abu Dhabi Investment Authority since May 2013. Mr. McCarthy is responsible, in collaboration with senior management, for developing and implementing investment strategy for the infrastructure division and overseeing all day-to-day activities of the Infrastructure team at Abu Dhabi Investment Authority which includes

		managing its existing portfolio of infrastructure investments, as well as working with team members to originate and execute on new transactions. He is also Director of other companies forming part of the ADIA Group: Gatwick Airport, Open Grid Europe, Global Infrastructure Investors Association. In addition he is Director of Abu Dhabi Power Company, Ploytech Pty and Emirates Water and Electricity Company. Previously, he served as a Managing Director and Global Head of RREEF Infrastructure at Deutsche Bank since 2005. Prior to that, he was Global Head of Infrastructure Capital and Structured Capital Markets at ABN Amro Bank. Mr. McCarthy began his career in the infrastructure sector in 1990

		at BZW in Australia, where he rose to Head of Infrastructure. He holds a Post Graduate degree in Finance and a Bachelor of Economics, both from Monash University in Melbourne, Australia.

Total number of proprietary directors	4
Percentage of the Board	33.33

Remarks

INDEPENDENT DIRECTORS

Name of director	**Profile**
MR BERTRAND BOUDEWIJN KAN	He has extensive professional experience in investment banking and focused on the telecoms, media and technology sector in particular. He spent most of his career at Morgan Stanley where he became a Managing Director and Head of the European Telecoms Group. Subsequently he moved to Lehman Brothers where he was Co-Head of the Global Telecoms Team and was a member of the European Operating Committee. In 2008 he became Head of the Global Telecoms, Media and Technology Group at Nomura and served on the Investment Banking Global Executive Committee. Among other responsibilities, he is currently a chairman of the Board of Síminn hf., the telecoms operator in Iceland, of the Advisory Board of Wadhwani Asset

	Management and of the Supervisory Board of UWC Netherlands. Bertrand Kan graduated with B.Sc. and an M.Sc. degrees in Economics from the London School of Economics.
MR GIAMPAOLO ZAMBELETTI	He has spent much of his professional career in the chemicals/pharmaceuticals and telecoms sectors. Currently holds the position Vice-President of Unidad Editorial, S.A. He was previously Founder and Managing Director of Zambeletti España, President and CEO of Zambeletti Group, President of Italgas SpA, President and Managing Director of Ellem Industria Farmaceutica SpA . He served as Vice President of the pharma labs association, Farmindustria. In 2001 he has been appointed Group Senior Vice President International Affairs of Telecom Italia. He has furthermore been a member of the Board of Directors of Telecom Italia International (Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Ojer Telekomunikasyon (Turkey) and Telekom Austria. Giampaolo Zambeletti holds a degree in Chemistry from the Università degli Studi di Pavia, is an international trustee of the Friends of the Prado Museum Foundation in Madrid, and received the Isabel la Católica Award from King Felipe VI in 2015.
MR PIERRE BLAYAU	He is currently holding the position of president of CCR (Caisse Centrale de Reassurance) and member of the SECP (Canal+ Group), Newrest and fonds PME Emplois durables, Censor of FIMALAC and Senior Advisor of TPG, Llamasoft, Bain and Jouve and Chairman of Harbour Conseils. He was previously Chief Executive Officer of Pont à Mousson, PPR, Moulinex, Geodis, and Executive Director of SNCF. He has also served as Executive Director of La Redoute, as a member of the Board of Directors of FNAC, and Independent Director of Crédit Lyonnais and President of the Board of Directors of Areva.

	Pierre Blayau is a Public Finance Inspector of the French Ministry of Finance, and graduated from the École Nationale d'Administration de Paris and the École Normale Supérieure de Saint-Cloud.
MS ANNE BOUVEROT	Anne Bouverot is currently Senior Advisor of TowerBrook Capital Partners. Previously she was CEO of Morpho, a biometrics and cybersecurity company (between 2015 and 2017) and general director of the GSMA (between 2011 and 2015). She also held several international management positions in companies in the telecommunications sector such as France Telecom / Orange (Executive Vice President of Mobile Services from 2009 to 2011), Global One Communications and Equant. She is currently an Independent Board member of Capgemini and Edenred in France. Anne Bouverot has a degree in Mathematics and a PhD in Artificial Intelligence from the École Normale Supérieure in Paris, and a degree in Telecommunications Engineering from Mines Paris Tech.
MS MARIETA DEL RIVERO BERMEJO	Marieta del Rivero has 25 years of experience in leadership roles in the world of information and communications technology, mobility and the digital services industry and is one of the most prominent profiles in the sector in Spain. She has extensive experience and a proven track record ranging from key consumers to manufacturers and suppliers of hardware, to telecom operators and software industry. Her career and executive responsibilities have included working at Telefónica, Nokia (Iberia and Corporation), Xfera Móviles, Amena and Nefitel. She is currently Partner at Seeliger & Conde, member of the advisory boards of the "Made in Mobile" technology incubator and the Mutualidad Abogacía. She is President of the *International Women's Forum Spain* and member the *Women Corporate Directors Foundation* in Spain.

	Marieta del Rivero is a graduate of Economics and Business Sciences from the Autonomous University of Madrid (UAM), AMP awarded by the IESE, and EP awarded by the Singularity University California.
MS MARÍA LUISA GUIJARRO PIÑAL	María Luisa Guijarro has worked most of her career in the Telefónica group, from 1996 until 2016, where she held positions including Global Marketing and Sponsorship Manager, CEO of Terra España, Director of Marketing and Business Development in Spain and, in her later years at the company, member of the Executive Committee in Spain as head of Strategy and Quality. She has a degree in Economics from the Universidad Autónoma de Madrid.
MR PETER SHORE	Has extensive experience in the telecommunications and tech sector. Held the position of Chairman of Arqiva in the UK for eight years from 2007-2014. He has also been Chairman of Uecomm, Lonely Planet Publications, the Hostworks Group and Airwave. He was Group Managing Director at Telstra in Australia, CEO of Priceline (Aust/NZ) and Managing Director of Media/Communications/Partners. He has served as a Director of Objectif Telecomunications Limited, Foxtel, SMS Management and Technology and OnAustralia. He was furthermore a member of the Advisory Board of Siemens Australia. Leonard Peter Shore holds a degree in Applied Mathematics and Computing Science from the University of Adelaide.

Number of independent directors	7
Percentage of the Board	58.33

Remarks

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile

Total number of other external directors	
Percentage of the Board	

Remarks

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status

Remarks

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive					0.00	0.00	0.00	0.00
Proprietary	1				8.33	0.00	0.00	0.00
Independent	3	1			25.00	20.00	0.00	0.00
Other external								
Total	4	1			33.33	10.00	0.00	0.00

Remarks

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

Yes X **No** **Partial policies**

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved
On 18 February 2016, the Board of Directors of Cellnex Telecom approved the Director Selection and Appointment Policy which, among other purposes, aims to have an appropriate Board composition. When selecting the Board members, the following must be considered: the Company's shareholder structure, the diversity of knowledge, professional experience, origin, nationality and gender among the members, their ability to devote the necessary time to the position, their specialisation in specific major fields (financial, legal, telecoms, etc.), the absence of conflicts of interest (actual or potential), and their personal commitment to defending the corporate interests. 1. **Scope of application.** This policy applies to the selection of board members that are natural persons. In the case of board members that are legal persons, the provisions of this Policy shall apply to the natural persons that represent them. 2. **Selection process.** Pursuant to the provisions of the Law on Capital Companies, as regards proposing the appointment or reappointment of members of the Board of Directors, the Appointments and Remuneration Committee shall be responsible in the case of independent board members, while the Board of Directors itself shall be responsible in all other cases. Said proposals for appointment or reappointment must be presented together with a report from the Board justifying the choice by means of an assessment of the proposed candidate's competence, experience and merits. Furthermore, proposals for the appointment or reappointment of non-independent board members should be preceded by a report from the Appointments and Remuneration Committee. The selection of board member candidates shall be based on a prior analysis of the needs of the company, performed by the Board of Directors with advice and a report from the Appointments and Remuneration Committee. The aim is to integrate different professional and management

experiences and skills and to promote the diversity of knowledge, experience and gender, while bearing in mind the weight of the different activities undertaken by Cellnex and considering those specific areas or sectors that need to be strengthened.

Any Board Member may ask the Appointments and Remuneration Committee to consider the merits of potential candidates to cover vacant positions on the Board.

3. **Conditions to be met by candidates.**

Candidates for the position of Board Member of the Company must be honourable and ideal persons of recognised solvency, with the competence, experience, qualifications, training, availability and commitment required for the position.

They must be trustworthy professionals whose conduct and professional career are aligned with the principles set down in the Cellnex Code of Ethics and with the mission, vision and values of the Cellnex Group.

When considering candidates, the Appointments and Remuneration Committee shall assess the following aspects, bearing in mind the needs of the Board of Directors:

1. The candidate's technical and professional competencies.
2. The candidate's management experience, bearing in mind the context in which Cellnex operates.
3. The commitment needed to hold the position, evaluating the positions already held by the candidate at other companies.
4. The potential existence of conflicts of interest.
5. The significance of any direct or indirect commercial, financial or professional relationships that exist or have recently existed between the candidate and the Company or other Group companies.
6. Any future proceedings that may have a detrimental affect on the candidate's responsibility or reputation.

4. **Disqualifications for being a candidate for the position of Board Member.**

Persons affected by any of the causes of incompatibility, incapacity or prohibition to holding the position of Board Member set down by law or contained in the Company's internal regulations may not be considered as candidates for the position of Board Member.

5. **Help from External advisors.**

When selecting candidates for the Board of Directors, the Appointments and Remuneration Committee may hire the services of external advisors specialising in searching for and selecting candidates in order to make the process more efficient and effective.

When analysing the candidacies, the advisor must assess the requirements set out in section 3 of this Policy.

6. **Special reference to gender diversity.**

In all cases, any type of implicit bias in the candidate selection process that may imply any kind of discrimination shall be avoided.

This Policy for the Selection of board member candidates shall promote a balanced presence of men and women on the Board of Directors.

Said Policy must ensure that, as soon as possible and at the latest by the end of 2020, the least-represented gender shall make up at least thirty percent of the total number of members of the Board of Directors.

7. **Verification of compliance with this Policy.**

On an annual basis, the Appointments and Remuneration Committee shall check compliance with this board member Selection Policy and report its conclusions to the Board of Directors.

Specific measures adopted by the board of directors and the nominations and remuneration committee to achieve a balanced and diverse presence of directors.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women:

Explanation of means
The measures involved hiring a prestigious headhunter to select the candidates, preferably women, with the aim of achieving a balanced presence.

In the event that there are few or no female directors in spite of any measures adopted, please explain the reasons that justify such a situation:

Explanation of means

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors; in particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020.

As a result of the Board restructuring in 2018, including the increase in the number of members, the number of female directors is now higher than 30%.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

Yes ☐ **No** X☐

Name of shareholder	Explanation

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name of director	Brief description
MR TOBÍAS MARTÍNEZ GIMENO	The CEO, who has all the delegable powers of representation, management and disposition, except those that cannot be delegated by law or the Company By-laws.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Name of director	Name of group member	Position	Does the director have executive powers?
MR TOBÍAS MARTINEZ GIMENO	TRADIA TELECOM, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MR TOBÍAS MARTINEZ GIMENO	RETEVISION I, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MR TOBÍAS MARTINEZ GIMENO	ON TOWER TELECOM INFRAESTRUCTURAS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MR TOBÍAS MARTINEZ GIMENO	CELLNEX TELECOM ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR	YES

Remarks

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name of director	Name of listed company	Position
MS ANNE BOUVEROT	CAPGEMINI	DIRECTOR
MS ANNE BOUVEROT	EDENRED	DIRECTOR
MR CARLO BERTAZZO	ATLANTIA S.p.A.	DIRECTOR
BERTRAND BOUDEWIJN KAN	SÍMINN HF	PRESIDENT
MS ELISABETTA DE BERNARDI DI VALSERRA	ATLANTIA S.p.A.	DIRECTOR
MS ELISABETTA DE BERNARDI DI VALSERRA	GETLINK SE	DIRECTOR

Remarks

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

Yes X☐ **No** ☐

Explanation of the rules and identification of the document where this is regulated
On 28 June 2018, the Board of Directors of Cellnex Telecom, S.A. resolved to amend the Board Regulations, whereby, among other resolutions, it completed the second paragraph of its article 26, which stated that "The directors must show proper dedication and will adopt the measures required for the sound management and control of the Company in the performance of their duties", with the following wording: "For this purpose, the directors of the Company may not sit on more than four boards of other listed companies other than the Company. For purposes of this rule, all the boards of companies that are part of the same group will be counted as a single board and the following will not be counted: (i) boards of holding companies or companies that may constitute vehicles or supplements for the professional exercise of the director, his or her spouse or person with a similar sentimental relationship or their closest family members, (ii) boards on which the director sits as a proprietary director at the proposal of the Company or any company pertaining to its group, and (iii) the boards of companies whose purpose is supplementary or accessory to another activity that, for the Company director may entail an activity related to leisure, assistance or aid to third parties or of any other kind that does not imply true dedication to a commercial business."

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	4,062

Amount of vested pension interests for current members (thousand euros)	650
Amount of vested pension interests for former members (thousand euros)	0

Remarks

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	**Position**
MR LLUÍS DEULOFEU FUGUET	Deputy CEO
MR JOSE MANUEL AISA MANCHO	Finance and Corporate Development Manager
MR ANTONI BRUNET MAURI	Public Affairs and Corporate Manager
MS MARIA ROSA PIÑOL RAURICH	Resource and Transformation Manager (until 31/07/2018)
MR ALBERTO LOPEZ PRIOR	Resource and Transformation Manager (since 01/08/2018)
MR JAVIER MARTI DE VESES ESTADES	General and Corporate Secretary
MR ALEXANDRE MESTRE MOLINS	Business and Sales Development Manager
MR DANIEL FERNÁNDEZ CAPO	Global Operations Manager

Total senior management remuneration (thousand euros)	5,779

The difference in relation the amount that appears in the annual accounts is because in the ACGR we also add the remuneration of the internal auditor.

C.1.15 State whether the Board rules were amended during the year:

Yes X☐ **No** ☐

Description of amendment

The amendments to the Regulations were aimed at including some recommendations stated in the Code of Good Governance and materialise the proposals made by the external consultant that carried out the annual Board performance assessment for 2017. They basically consist of: - Regulating the functions of the coordinating director. - Limiting the number of boards on which the director can sit (4). - Detailing the ACC's functions with respect to the external auditor under the terms set out in the Code of Good Governance. - Limiting the cases in which an independent director's removal can be proposed to those envisaged in the Code of Good Governance. - Providing the directors with the possibility of proposing other items on the agenda that were initially not envisaged.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

The procedures for the selection, appointment, re-election, assessment and removal of directors are

detailed in Sections 18 to 21 of the Board of Directors' Regulations.

NOTE OF CLARTIFICATION AP. D.2.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes
As a result of the assessment made by an external advisor for 2017, the following actions were carried out in 2018: - Women joined the Board. - The Board of Director's Regulations were amended to include the proposals made by the external advisor. - A new organisational chart was approved, depending on the internal audit of the Audit and Control Committee.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas
At the end of 2018, the Board self-assessed its performance through a complete questionnaire comprising several blocks of questions: (i) Board composition; (ii) Board functioning; (iii) Board Chairperson; (iv) Board Secretary; (v) Board Committees; (vi) assessment of the chief executive and relationship with the senior management; (vii) the Board's alignment and

commitment to the strategic objectives; and (viii) overall assessment of the Board. The questionnaire was answered by all the directors.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

The assessment by the external consultant was made in 2017. No business relationships have taken place with that consultant.

C.1.19 State the situations in which directors are required to resign.

1.Directors will resign their positions when they have completed the period for which they were appointed and when decided on by the General Meeting under the powers legally or statutorily vested therein.
2. Directors will have to make their positions available to the Board of Directors and, if considered appropriate, formalise the corresponding resignation in the following cases:
a) When they cease to hold the executive posts linked to their appointment as a director. As regards independent directors, when they complete twelve (12) years in the position.
b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law.
c) When they have been prosecuted for an allegedly criminal act or are subject to a disciplinary measure due to (gross) misconduct brought by the supervisory authorities.
d) When their continued membership of the Board could put the Company's interests in jeopardy and when the reasons for their appointment no longer exist. This last circumstance will be understood as occurring with regard to a director representing substantial shareholders when the full shareholding of
which s/he is the owner or whose interests s/he represents have been disposed of and also when the reduction of their shareholding requires the consequent reduction of the directors representing substantial shareholders.
3. Executive directors must make their positions available to the Board once they have reached seventy years of age and the latter must decide whether they will continue exercising their executive or managerial functions or remain simply as a director.
4. In the event that, due to resignation or for any other reason, a director were to cease in his or her office prior to the end of his or her mandate, the reasons therefor shall be explained in a letter sent to all the members of the Board. Without prejudice to the timely communication of the cessation as a relevant event, the Board will give account of the cessation in the Annual Corporate Governance Report.
5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee. In particular, just cause will be deemed to exist when the director goes on to hold new offices or undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Such removal may also be proposed as a result of public offerings of acquisition, mergers or other

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similar corporate transactions that entail a change in the structure of the share capital of the Company, when such changes in the structure of the Board are brought about by the criterion of proportionality.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes ☐ **No** X☐

If so, please describe any differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

Yes ☐ **No** X☐

Description of requirements

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

Yes X☐ **No** ☐

	Age limit
Chairman	N.A.
CEO	70
Directors	N.A.

Remarks

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

Yes ☐ **No** X☐

Additional requirements and/or maximum number of term limits	

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Section 23(a) of the Bylaws state that any director may confer representation to another director in writing, by fax, email or any other similar method. Nonexecutive directors may only confer representation to another non-executive director.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	13
Number of Board meetings without the chairman	

Remarks

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	

Remarks

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Executive Committee	
Number of meetings held by the Audit Committee	9
Number of Meetings held by the Appointments and Remuneration Committee	9
Number of meetings held by the Appointments Committee	
Number of meetings held by the Remuneration Committee	
Number of meetings held by the ______ Committee	

Remarks

C.1.26 State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance

Number of meetings when all directors attended	13
% of attendance over total votes during the year	97.90
Number of meetings in situ or representations made with specific instructions of all directors	10
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	97.90

Remarks

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes X☐ **No** ☐

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
MR JOSÉ MANUEL AISA MANCHO	Corporate Finance & M&A Manager
MR TOBÍAS MARTÍNEZ GIMENO	CEO
MR JAVIER MARTÍ DE VESES ESTADES	General and Corporate Secretary

Remarks

C.1.28 Explain any measures established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting with a qualified audit opinion.

In accordance with section 39.3 of the Board Regulations, the Board of Directors shall procure to definitively drawn up the annual accounts in a way that the auditor cannot oppose exceptions. However, when the Board considers that it shall maintain its approach, it shall explain publicly the content and scope of the discrepancy. The duties of the Audit and Control Committee (section 15.2(c) of the Board Regulations) include supervising the process of preparing and presenting the compulsory financial information as well as the integrity thereof.
The Audit and Control Committee holds regular meetings with the Company's external auditors to avoid discrepancies in the criteria to be followed in preparing the annual financial statements.

C.1.29 Is the secretary of the Board also a director?

Yes ☐ **No** X☐

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative

MR JAVIER MARTÍ DE VESES ESTADES	
Remarks	

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

One of the duties of the Audit and Control Committee (section 15(b) of the Board Regulations) is to propose to the Board of Directors, so that it may submit them to the General Shareholder's Meeting, the proposals for selection, appointment, re-election and replacement of the external accounts auditor or auditing firm, the contracting terms, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof, all in accordance with the current legislation, as well as to regularly collect from them information about the audit plan and its implementation, and to preserve its independence in the exercise of its duties.

Another function (section 15.2(d) of the same Regulations), is to establish the appropriate relations with the external accounts auditors or auditing firms in order to receive information on issues that may jeopardize the independence of the same, to be studied by the Committee, and any other information relative to the auditing of the accounts, as well as any other notifications envisaged in the legislation and regulations concerning the auditing of accounts. In all cases, they must receive on an annual basis from the external accounts auditors or auditing firms written confirmation of their independence with regard to the company or any organisations directly or indirectly related to the same, in addition to information regarding any additional services of any kind provided to and the pertinent fees received from these organisations by said auditors or auditing firms, or by persons or organisations related to the same in accordance with the provisions established in the applicable legislation on account auditing.

Additionally, another function of the Audit and Control Committee (section 15.2 ap. e) of the Board Regulations) is to issue annually, prior to the issuance of the auditors' report on the annual accounts, a report which shall express an opinion on the independence of the auditors or audit companies. This
report shall contain, in any event, a valuation of the additional services provided referred to in the previous section, individually considered and as a whole, which are different from the legal audit and details in relation with the independent regime or the audit governing regulations.

In accordance with legal requirements, the Company's annual financial statements detail the fees paid to the Company's external auditor for all audit and non-audit services rendered.

The Company's governing bodies pay particular attention to ensuring the independence of financial analysts, investment banks and rating agencies.

In 2018, the Audit and Control Committee duly complied with the Board of Director's Regulations regarding the external auditors aimed at maintaining their independence, as stated in the preceding paragraphs.

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C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

Yes ☐ **No** X☐

Outgoing auditor	Incoming auditor

Remarks	

If there were any disagreements with the outgoing auditor, please provide an explanation:

Yes ☐ **No** X☐

Explanation of disagreements

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

Yes X☐ **No** ☐

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	601	165	766
Amount invoiced for non-audit services/Amount for audit work (in %)	73.65	27.59	54.17

Remarks

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

Yes ☐ **No** X☐

Explanation of reasons

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group.

Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	6	6

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	100.00	100.00

Remarks

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

Yes X☐ **No** ☐

Explanation of procedure
Pursuant to section 22 of the Board of Directors' Regulation, the agenda of Board meetings will clearly indicate any points regarding which the Board of Directors must take adopt decision or a resolution so that the directors may examine or gather, in advance, the information required for the adoption thereof. All information referring to the proposals to be presented to directors will be available to them forty-eight (48) hours in advance. The advance information sent to directors during the financial year 2018 was generally sent to the directors one week in advance of the meetings.

C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

Yes X☐ **No** ☐

Explain the rules
Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign (section 21 of the Board Regulations) in the following cases: - When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law; - When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;

- When their continued presence on the Board may jeopardize the Company's interests or when the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the LSC:

Yes ☐ **No** X☐

Name of director	Criminal charge	Remarks

State whether the Board of Directors has examined the case. If so, explain in detail the decision taken as to whether the director in question should continue in his or her post or, if applicable, describe any actions taken by the Board up to the date of this report, or which it intends to take.

Yes ☐ **No** ☐

Decision/Action taken	Explanation

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

<u>Debentures and other loans</u>

The terms and conditions of the bonds include a clause on change of control (at the option of the bondholders), which implies an early redemption.
Regarding the bonds issued under the EMTN Programme, the put option can only be activated if a change of control takes place and the credit rating is lowered due to a change of control (as defined in the terms and conditions of the EMTN Programme). Regarding the convertible bonds, the put option can only be activated if a change of control takes place or if an event which triggers the offer takes place (as defined in the terms and conditions of the convertible bonds).

In both clauses, a change of control is defined as the acquisition of over 50% of the voting rights of the parent company or the right to appoint or remove all or most of the Board members of the parent company.

<u>Loans and credit policies</u>

The syndicated financing includes a clause on early termination due to a change of control. Regarding the syndicated financing arranged by Cellnex Telecom, S.A., the triggering event is at the parent company level and, for the syndicated financing formalised through Cellnex Switzerland, the triggering event is at the level of that company and its subsidiary, Swiss Towers. In both cases, the change of control event is activated when a third party, on its own or with others, acquires 50% of the shares with voting rights or obtains the right to appoint or remove most of the Board members of the relevant company.

Acquisition of infrastructure

Regarding the Group's infrastructure acquired by the mobile telecommunications operators, the agreements signed with the sellers include the change of control events which establish that, if the seller's competitor becomes a controlling shareholder at the relevant company (where the control is defined as (i) more than 50% of the shares with voting rights or (ii) the right to appoint or remove most of the Board members), the seller is entitled to repurchase that infrastructure. Moreover, that repurchase right can also be granted if the seller's competitor acquires a significant part of the shares or obtains voting or governing rights which can be exercised in a way that can negatively affect the seller's interests. The change of control events can be activated by both Cellnex Telecom and at Group company level.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries 2	
Type of beneficiary CEO and Senior Management	**Description of agreement**

The executives have signed agreements with the company that contain compensation clauses.

In general terms, the contracts' compensation clause provides for the payment of compensation to the executive in the event of unfair dismissal. The compensation is the greatest of the following amounts:

a) compensation equivalent to one year's salary, taking into consideration the annual gross fixed remuneration in cash received at the time the employment relationship is terminated, as well as the annual gross variable remuneration received by the executive in the 12 months immediately before the effective cessation of the provision of their services; or b) the compensation established by current employment legislation.

In the case of the Chief Executive Officer and other members of senior management, the compensation clause in the contracts provides for the payment of compensation in favour of the
executive in the event of (i) unfair dismissal or (ii) unilateral termination of the contract by the manager due to serious breach by the company of the obligations set out in the contract, substantial modification of their duties without consent, change in control of the company in the sense provided for in Section 42 of the Commercial Code and similar circumstances.

For the Chief Executive Officer the compensation would consist of two years' fixed and variable remuneration.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	YES	

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?		X

Remarks
After a report from the Nominations and Remuneration Committee, the Board approved the essential conditions for Senior Management.

C.2 **Committees of the Board of Directors**

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

EXECUTIVE COMMITTEE

Name	Post	Category

% of executive directors	
% of proprietary directors	
% of independent directors	
% of external directors	

Remarks

Explain the duties exercised by this committee, other than those that have already been described in Section C.1.10, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

AUDIT COMMITTEE

Name	Post	Category
MR LEONARD PETER SHORE	MEMBER	INDEPENDENT
MR BERTRAND BOUDEWIJN KAN PETER SHORE	PRESIDENT	INDEPENDENT
MS ELISABETTA DE BERNARDI DI VALSERRA	MEMBER	PROPRIETARY
MS ANNE BOUVEROT	MEMBER	INDEPENDENT

% of proprietary directors	25.00
% of independent directors	75.00
% of external directors	

Remarks

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

NOTE OF CLARIFICATION AP. C.2.1.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR BERTRAND BOUDEWIJN KAN MS ELISABETTA DE BERNARDI DI VALSERRA
Date of appointment of the chairperson	16/02/2017

Remarks

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Post	Category
MR GIAMPAOLO ZAMBELETTI ROSSI	CHAIRMAN	INDEPENDENT
MR PIERRE BLAYAU	MEMBER	INDEPENDENT
MR JOHN BENEDICT MCCARTHY	MEMBER	PROPRIETARY
MS MARIETA DEL RIVERO BERMEJO	MEMBER	INDEPENDENT
MS MARÍA LUISA GUIJARRO PIÑAL	MEMBER	INDEPENDENT

% of proprietary directors	20%
% of independent directors	80%
% of external directors	

Remarks

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

NOTE OF CLARIFICATION AP. C.2.1.

APPOINTMENTS COMMITTEE

Name	Post	Category

% of proprietary directors	
% of independent directors	
% of external directors	

Remarks

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

REMUNERATION COMMITTEE

Name	Post	Category

% of proprietary directors	
% of independent directors	
% of external directors	

Remarks

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

COMMITTEE

Name	Post	Category

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	Year t 2018 Number %	Year t-1 2017 Number %	Year t-2 2016 Number %	Year t-3 2015 Number %
Executive committee				
Audit committee	2 - 50.00%	0.00%	0.00%	0.00%
Appointments and remuneration committee	2 - 40.00%	1 - 25.00%	0.00%	0.00%
Appointments committee				
Remuneration committee				
_____ committee				

Remarks

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The Board Committees do not have their own regulations and their functioning is regulated by the Board of Directors’ Regulations, which are available on the company’s website.
Each of these committees has drawn up an activity report for 2018, which is available on the company’s website.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

Pursuant to Section 4 of the Board of Directors' Regulations, the board will have the authority to approve operations which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto, except when these fulfil the three following conditions:

1) They are carried out by virtue of contracts, the conditions of which are standardized and apply in masse to most customers. 2) They go through at market prices, generally set by the person supplying the goods or services. 3) Their amount is no more than 1% of the group's annual revenues. Furthermore, section 33 of the mentioned regulations establishes that: The Board of Directors formally reserves the right to know about any important transaction by the company with a significant shareholder. With regard to ordinary transactions, the general authorization for the line of operations and their conditions of execution will suffice.

D.2 Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
ABERTRIS INFRAESTRUCTURAS, S.A.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	3,533
CONNECT	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	3,706
BLACKROCK, INC.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	1,453
THREADNEEDLE ASSET MANAGEMENT LTD	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	1,211
CRITERIA CAIXA, S.A.U.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	1,453

Remarks

D.3 Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)

Remarks

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)

Remarks
At 31 December 2018 and 31 December 2017, the Cellnex Group did not maintain any assets or liabilities of a large amount with associates. Moreover, no transactions of a large amount were made with associates in 2018 and 2017.

D.5 State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
Atlantia	Agreement whereby the Group can locate certain assets to provide telecoms infrastructure services to Italian toll roads under concession to Atlantia until 2038.	(1,847)
Hispasat, S.A.	Leasing of certain satellite transponder capacity	(7,057)

Remarks
In addition to the contracts stated above, no transactions of a large amount were made with related parties in the year ending 31 December 2018 and 2017.

D.6 Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

In accordance with the Board of Directors' Regulations, directors and executives must report any conflicts of interest and abstain from participating or influencing the decision-making process on matters affected by the conflict.
Directors (section 27 c) of the Board Regulations) must abstain from participating in discussions and votes regarding resolutions or decisions in which they or a related person has a direct or indirect conflict of interest. Resolutions or decisions that affect their status as directors, such as their appointment to or removal from positions in the governing body or other similar decisions, shall be excluded from the aforementioned obligation to abstain.

Additionally, Directors (section 27 (e) of the same Regulations) must adopt the necessary measures to avoid situations in which their interests, whether for their own account or for others, may conflict with the company's interests and their duties towards the company. The foregoing excludes the cases in which the company has provided its consent, pursuant to the terms set forth in section 230 of the Spanish Limited Liability Companies Law.

Directors (section 28 of the same Regulations) must advise the Board of Directors of any direct or indirect conflict that they or people related to them might have with the Company's interests. The director concerned will refrain from taking part in resolutions or decisions related to the operation to which the conflict refers. The votes of the directors affected by the conflict and who must abstain, will be deducted for the purposes of calculating the majority of votes needed. In particular, the duty to avoid conflicts of interest obliges directors to refrain from:

a) Carrying out transactions with the company, except when these are ordinary operations, carried out under standard conditions for customers, and are of little importance, understood as those operations whose information is not required to convey a faithful image of the entity's assets, financial situation and results.
b) Using the company's name or their status of director to unduly influence the conduct of private operations.
c) Using the company's assets, including its confidential information, for private purposes.
d)Taking advantage of the company's business opportunities.
e) Obtaining benefits or payments associated with the performance of their position from third parties other than the company or its Group, unless they are acts of mere courtesy.
f) Carrying out activities, for their own account or for others, that cause them to be in effective competition, whether real or potential, with the company or which, in any other way, cause a permanent conflict with the company's interests.

In July 2016 Cellnex's Board of Directors approved a new Internal Code of Conduct (ICC) adapted to the requirements of the European Regulation on market abuse. With regard to conflicts of interest, the ICC establishes:

Principles of action

In any situation involving a "Conflict of Interest" (being a clash between the interests of the Company and the personal interests of the Affected Person), Affected Persons shall act in accordance with the following principles:

(i) Independence.
They must act at all times with loyalty to the Company, irrespective of their own interests or those of third parties.
(ii) Abstention.
They must refrain from intervening or influencing in the taking of decisions concerning matters affected by the conflict.
(iii) Confidentiality.
They shall refrain from accessing confidential information which may have a bearing on the aforesaid conflict.

Notification of Conflicts of Interest
Affected Persons shall notify the General Secretary's Office of any possible Conflicts of Interest to which they are subject by their family relationships, their personal holdings, their activities outside the Company, or on any other grounds.
It shall be considered that there is no Conflict of Interests owing to family relationships when said relationship is beyond the fourth degree of consanguinity or the second degree of affinity.

It shall be considered that there is a possible Conflict of Interests derived from personal holdings when said holdings arise in relation to a company in which the Affected Person holds a management post or has a significant stake (which is understood to mean a total stake, direct or indirect, in excess of twenty per cent of its total issued share capital).

Affected Persons must ensure that the information is kept up to date, reporting any modification to or termination of previously communicated situations, as well as the emergence of any new possible Conflicts of Interest.

Communications must be issued without delay once the current or possible situation of Conflict of Interest is recognised, prior to taking any decision which may be affected by the possible Conflict of Interest.

Members of the Board of Directors
Members of the Board of Directors In addition to the foregoing, the members of the Company's Board of Directors shall be subject to the provisions of the applicable corporate regulations and internal Company's rules.

D.7 Is there more than one company in the group listed in Spain?

Yes ☐ **No** X☐

Identify the other companies that are listed in Spain and their relationship to the company:

Identity and relationship with other listed group companies

State if the respective areas of activity and business relationships between the listed companies have been defined publicly and precisely, as well as between the subsidiary and other members of the group;

Yes ☐ **No** ☐

Describe the business relationship between the parent and subsidiary listed companies as well as between the subsidiary and other members of the group

Identify measures taken to resolve potential conflicts of interest between the listed subsidiary and the other group companies:

Measures taken to resolve potential conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

The Risk Management System works in a comprehensive and continuous way, consolidating by subsidiary / geographical area and by support area at corporate level.

The risk management model implemented 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 Cellnex Group operates.

To identify the risks, defined guidelines approved by the Audit and Control Committee are in place. Each corporate area is responsible for identifying, assessing and monitoring the inherent and residual risks, and supervising and implementing control measures to mitigate such risks.

The risk map is approved and reviewed by the Audit and Control Committee, which informs the Board of Directors and is cross-checked and implemented by the Management Committee.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

The following bodies are responsible for defining, executing and monitoring the risk management system:

- The Board of Directors: the highest body responsible for defining the risk control strategy and policy.
- The Audit and Control Committee: Designated as such by the Board of Directors, its role is to monitor the effectiveness of the risk management model and the information supplied to third parties regarding the system, making sure that the risk management system is able to identify, manage, prioritize, control, monitor and provide complete information on risks.
- Risk Control: is responsible for preparing and updating risk management policies, setting out mechanisms and methodologies to identify and assess risks, updating risk mapping, implementing a system for monitoring and Communications to the highest level of company governance and review the controls that mitigate the identified risks.
- Senior Management Committee: Is responsible for risk management included in the implementation of the defined risk policies, the approval

of risk maps, the assigning of responsibilities, the implementation of control activities and action plans as well as the monitoring of existing risks in its area of responsibility.

- Managers: Each area manager is responsible for identifying their risks and informing the Risk Control in a timely fashion. Likewise, he or she is responsible for identifying and implementing control activities aimed at mitigating risks.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives

The main risks which may prevent the company from achieving its targets are:

- Strategic elements, such as mergers between telecommunications operators, emergenceof new competitors, restrictions on growth in regulated markets.
- Compliance following changes in fiscal, legal or environmental law or being subject to litigation or other judicial processes.
- Financial as a result of customers defaulting on payments, access to financing, fluctuations in the stock market price.
- Operatives derived from the integration and optimization of acquisitions, increase in exposure of information systems, emergence of alternative technologies, capacity to attract and retain qualified personnel.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

The levels of tolerance are defined in the risk assessment matrix.

For the identified risks each person responsible will evaluate the possible impact of such risks should these occur and classify them as low, medium, large or critical depending on their economic impact, implications for the organisation and impact on reputation. Following this the possibility of the risk actually occurring will be evaluated. This possibility is classifies as unlikely, possible, probable and almost certain. The combination of impact and probability leads to risk prioritization.

E.5 State which risks, including tax compliance risks, have materialised during the year.

The main risks which materialised during the year were as follows:

- Regulatory changes. The CNMC (Spanish Competition Commission) initiated public consultation to review the wholesale market for the television broadcast carrier service. The proposed obligations to be imposed on Cellnex are similar to those at present, so no relevant changes are expected. The consultation has been answered but no decision has yet been made.
- Some Group clients wished to renegotiate their agreements or amend the current contractual agreements in a negative way. Some clients suggested the possibility of renegotiating their current contracts downwards. We answered that this was not possible since the current prices conform to the regulatory framework and to market prices.

- Advertising revenue performance in the media sector, especially TV, Internet and radio. Conflict with the CNMC due to potential abuse of a dominant position by the large television groups, to the detriment of the other television companies. This has not yet been resolved but it should not have an impact on Cellnex.
- Increase in competition in the acquisition of assets and companies within the context of the Group's business expansion.

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The risk management model establishes the response and supervision plans for the main risks based on their assessment.
The risk maps and the risks considered to be a priority are reviewed by the Audit and Control Committee, which, in turn, informs the Board of Directors and notifies it if there are changes to any of the risks not defined as a priority. All the areas also carry out their own risk management.

To reduce exposure to risks such as the risks of sharing infrastructure, regulatory changes, technological advances and the development of alternative technology not used at present, an increase in competition, etc., the Group continues with its selective internationalisation, diversification and growth policy, fostering understanding with the Public Administrations to develop infrastructure and continuing with the efficiency plan to optimise operating expenses and investments.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANICAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

Internal Control over Financial Reporting (ICFR) at Cellnex forms part of its general internal control system and consists of a set of processes which the Board of Directors, the Audit and Control Committee, management and staff carry out to provide reasonable assurance of the reliability of the financial information reported to the market.
The 'Model for the Organisation and Monitoring of the ICFR' at Cellnex (hereinafter 'ICFR Organisation Model') establishes that the Board of Directors is the highest authority responsible for the supervision of the internal information systems, as well as the Risk Control and Management Policies. In addition, the Sections and the Board Regulations state, amongst other things, the following responsibilities:

-- Defining general company policies and strategies, as well as the corporate governance policies of the organisation.
-- The preparation and approval of annual accounts and any other report or information required by law.
-- The financial information that, due to its status as a listed company, the company must periodically publish.
Definition of the Risk Control and Management Policy, including taxation risks, as well as supervising internal information and control systems.
--The supervision of the correct functioning and actions of the delegated bodies, amongst which there is the Audit and Control Committee and designated directives.

According to the Board of Directors' Regulation (section 15), there are amongst the basic responsibilities of the Audit Control Committee (hereinafter the AAC):

. The supervision of the preparatory process and presentation of mandatory financial information, as well as its integrity.
. The supervision of the efficiency and suitability of internal control and risk evaluation in Cellnex as well as the best monitoring and control measures to avoid committing criminal offences and for risk management systems, including fiscal risk and the systems in place to manage compliance with all applicable legislation.
. Discussion with the account auditor of the significant weaknesses of the internal control system detected during the auditing process.
. The supervision of internal auditing services, ensuring their independence and making sure that the recommendations and suggested corrective measures be considered by the management.

Cellnex Internal Audit is in turn responsible for supervising ICFR in delegation from the Audit and Control Committee with the Finance and Corporate Development Department responsible for its design, maintenance and implementation.

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

The Cellnex Board of Directors assigns the responsibility of the design and review of the organisational structure related to the preparation of the financial information to Organisation and General Services and to Finance and Corporate Development. From these guidelines the general structures and distribution of responsibilities and the procedure to design, review, update and inform on these are defined; this process being documented in the form of organisational structure charts and process models and its associated regulations which form part of the policy catalogue of Cellnex.

Cellnex has an internal organisational chart which covers all areas and which is basically divided according to department (including those departments involved in preparing, analyzing and supervising financial information). This organisational chart indicates responsibilities up to a certain management level and is supplemented by other more detailed organisational charts at departmental level.

Regarding to the preparation process of financial information, in addition to the detailed organisational charts and with the aim of assigning responsibilities, there is the ICFR Organisational Model, developed by the Department of Consolidation and Financial Reporting, part of the Finance and Corporate Development department, and which is submitted to the AAC for approval.

- Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

Cellnex has a Code of Conduct (Code of Ethics) approved by Cellnex Telecom, S.A.'s Ethics and Compliance Committee that is made up from Internal Audit, the Legal department, Resources department, the Company Secretarial department, and the Regulation department, and this has been communicated to the employees and is available on the corporate intranet. Specific training for employees is being planned.

The main values and principles set out in the Code of Ethics are: integrity, honesty, transparency and good faith. The Code of Ethics includes among its fundamental principles the commitment to offer financial information that reflects the a fair view of the economic and financial situation in compliance with generally accepted accounting principles and international financial reporting standards applicable, and the responsibility of its employees and management to ensure this is so, both by correctly carrying out their functions and by notifying the management bodies of any circumstance which might affect this commitment.

The body responsible for analyzing breaches and proposing corrective actions and sanctions is the Ethics and Compliance Committee.

- Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

Cellnex has and promotes the use of communications channels concerning possible non-conformities with the Ethics Code and other irregular activities in the organisation, especially from a financial and accounting point of view, informing the Ethics and Compliance Committee in all cases.

As stated in the Ethics Channel Policy, which regulates the procedure, scope and application of the reports received, the latter can be communicated via a communications form, either by post or email, maintaining the confidentiality at all times.

Any communications will be received, analysed and followed up by the Ethics and Compliance Committee, and this committee will periodically inform the Nomination and Remuneration Committee and the Audit and Control Committee. From time to time the Ethics and Compliance Committee will inform the Nomination and Remuneration Committee and the Audit and Control Committee about the functioning of the Ethics Channel.

If reports have been received during the year, the Ethics and Compliance Committee will produce an annual report on the communications received, to facilitate the analysis of the functioning of the 'whistle-blowing' channel.

- Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

Regarding training programs and the periodic updating of elements which can affect the preparation and publication of financial information, Cellnex believes the continuous development and training of its staff and management to be key. In this regard, Cellnex also considers that complete and up-todate training on accounting regulations, the rules for preparing financial information, the regulations on capital markets, taxation and internal control is necessary to ensure that the information reported to the market is reliable and in accordance with regulations.

Regarding the preparation and review of the financial information, during 2018 Cellnex implemented training plans based on the needs identified by the department of Consolidation and Accounting Regulation in relation to:

• New accounting, tax, capital markets and internal control regulations, adopted by the European Union and applicable to Cellnex.
• Changes in reporting methodology and / or information systems.
• Individual initiative from the team members of the department of Consolidation and Accounting Regulation.

Once the needs of these areas have been identified, the appropriate training activities are designed and put into effect to cover annual training objectives on these matters.

Cellnex carried out training activities during 2018 using external experts and internal training sessions, covering personnel involved in preparing and reviewing financial information. The training areas on which most emphasis was placed during 2018 relate to accounting, tax and financial matters which could have the greatest impact on the preparation of Cellnex's consolidated financial information, particularly in changes to the fiscal and accounting changes at both national and international levels and with the year's updates concerning EU-IFRS.

Cellnex has an on-line training platform where both technical training for specific work groups and a more overall training can be accessed on a voluntary and, in some cases, mandatory basis.

In 2018, the following specific training was also provided:

- SAP RE – IFRS 16 Module – Spain, Italy, France and Switzerland
- SAP RE – General – Intensive on-the-job post go-live training - IFRS 16 Module – Spain and Italy
- SAP RE – Owner management – France and Switzerland
- IFRS 16 – Leases

Additionally , the Consolidation and Financial Reporting department has subscriptions to a number of publications and journals on accounting and financial matters and to the website of the International Accounting Standards Board which regularly sends new developments and other communications of interest which are analysed and reported to ensure they are taken into consideration when preparing Cellnex's financial information.

F.2 **Assessment of financial information risks**

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- Whether the process exists and is documented.
- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.
- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.
- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.
- The governing body within the company that supervises the process.

Cellnex has a Risk Control and Management Policy that establishes the basic principles and the general framework for the control and management of all types of risks which are faced. In this manner Cellnex identifies and updates the principle risks organizing adequate information and internal control systems and performing monitoring functions.

The Internal Control and Risk Management Manual of the ICFR (hereafter Risk Management Manual) describes and formalises Cellnex’s internal control and risk management model with regards to the ICFR and establishes mechanisms used to determine the risks in this area, the key business processes along with the practical and operative documentation for this internal control model.

During the process of the drawing up and issuing financial information this manual sets out what financial information it refers to as well as the methodology for defining it. Furthermore, guidelines are established to determine whether the process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

Cellnex has identified the relevant business processes together with their inherent risks and has designed a Risk and Controls Matrix that aims to identify the main risks, based on which control activities have been designed, such that when adequately complied with, true and reliable financial information can be obtained.

The Department of Consolidation and Accounting Regulation is entrusted with identifying and documenting risks of error in the financial information; the process is supplemented by Internal Audit, which considers identified risks of error in relation to the group's overall Risk Map (which takes into account both financial and non-financial risks). The entire process is ultimately overseen by the Audit and Control Committee.

The Cellnex Audit and Control Committee is responsible for supervising the risk control systems with the support from Internal Audit.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

Cellnex has a Regulated Information Reporting Manual, duly approved by the ACC, where the process for preparing and approving the financial information and the description of the ICFR to be published in the market and to investors is detailed. This manual sets out the criteria to identify relevant public financial information, this being as follows:

- Regular reporting obligations (RRO):
  - o Quarterly financial report.
  - o Half year financial report.
  - o Annual financial report and Annual Corporate Governance Report (ACGR)
- Annual report on remuneration policy for directors (ARR)
- Significant Events

Cellnex's Manual for the Issue of Regulated Information also details the departments involved in preparing, review and authorisation of the financial information and their respective responsibilities from the year end accounting processes to the publication of the relevant facts. In particular, for each set of regulated financial information to be published for the market there is a procedure for its preparation and review that requires completing questionnaires for the internal control of regulated information to ensure a reasonable security in the reliability of the entities financial statements.

Following the Manual for the Issue of Regulated Information and completing specific questionnaires for internal control is obligatory and subject to review by the internal Cellnex auditor.

On the matter of descriptive documentation regarding flows in activities and controls of the different transactions that can materially affect the financial statements, Cellnex has a ICFR Organisational Model that structures the specific mechanisms set up to maintain an internal control environment that favours the generation of complete financial information that is reliable and timely and anticipates the existence of possible irregularities as well as ways in which to detect and remedy these. Cellnex has developed procedures for those processes that are considered material and relevant as concerns
their potential impact on the financial information to be published, as detailed below:

- Revenue recognition and accounts receivable
- Fixed assets and investments
- Purchases and accounts payable
- Staff costs
- Judgements and estimates
- Month end accounting, consolidation and financial reporting
- Cash and borrowings
- Taxes

Individual and consolidated financial statements, six-monthly financial reports and the financial information in the quarterly interim statements of Cellnex are prepared and reviewed by Finance and Corporate Development prior to submission to the Audit and Control Committee. Here the procedures included in the Emission of Regulated Information Manual will be applied as a prior step to a submission of the information to Cellnex Board of Directors for final approval.

Cellnex has descriptions of controls over activities and controls directly related to transactions that might have a material impact on the financial statements, to mitigate the risk of material error in the information reported to the markets. These descriptions are documented in the 'ICFR Risk and Control Matrix' and contain information on what the controls should consist of, the reason these are carried out, who should carry them out, how often, and other information on what information systems or what operations carried out by third parties are important for the effectiveness of the control operation in question. The controls cover areas such as income generation, investment and
expenditure on concessions, acquisitions and subsequent valuation of other assets, analysis of the recoverability of investments, recording of taxation of profits or the correct presentation of financial instruments and of the financing operations of Cellnex.

In relation to the relevant judgements and estimations made, Cellnex reports any areas of particular uncertainty that it considers especially pertinent in its consolidated financial statements. The specific review and approval of the relevant judgements, estimates, assessments and projections as well as the key assumptions used for calculating them, with a material impact on the consolidated financial statements, are made by Finance and Corporate Development and, where applicable, by the managing director. The most significant ones, such as the monitoring of asset values and hedging policies will be treated and reviewed by the ACC before submitting them for the Board's approval.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

Cellnex uses information systems to keep adequate records and monitor Its operations and, therefore, their proper operation is a key element and one that is particularly emphasized by Cellnex. Specifically, the Consolidation and Reporting SAP BPC system has been implemented in all the Group's companies in Spain. The process of segregation of systems with its parent company Abertis was also completed during 2016.

Regarding the companies outside of Spain the database is fed through loading files which are prepared in the relevant foreign subsidiaries and sent back to the corporate offices in Spain for loading into the system. During 2018, SAP BPC has been installed in such foreign subsidiaries so that the charging to the consolidation system may be executed from each country. This process is expected to be completed during the second half of 2018. In respect of Galata - the Italian subsidiary - in the beginning of the year it was concluded the process for system segregation with their former parent Wind Telecomunicazioni and they have also started to work fully under SAP.

The Systems department, which forms part of the Organisation and Efficiency department, which in turn forms part of the Resources department is responsible for establishing the model of internal control over the information systems in those aspects relating to access security, segregation of duties (in coordination with the business areas and support areas) change control, apart from 47 carrying out monitoring activities for risks and controls derived from the externalisation of the systems.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

Cellnex does however regularly use reports by independent experts to value its financial instruments and undertakings to employees. In addition, Cellnex maintains certain activities associated with accounting, payroll and the administration and maintenance of its corporate information systems subcontracted to an external supplier.

Cellnex has guidelines drawn up concerning the treatment of activities with third parties both in terms of hiring and the monitoring of results. These guidelines are detailed in the internal purchasing procedures.

The Finance and Corporate Development department carries out controls on the work of these experts to check:

. The competence, capacity, accreditation and independence of these experts.
. The validity of the data and methods used.
. The reasonableness of the assumptions used, if applicable.

Certain control and risk management mechanisms have been established with the supplier to ensure that financial information derived from such activities is complete and correct, these include: a Management and Monitoring Committee for the contract, agreements in levels of service, risk indicators, service reports, measures for technology security, external audits as well as contingency and continuity plans, amongst others.

F.4 **Information and communication**

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The responsibility to define, maintain and update accounting policies within Cellnex falls upon the management of Consolidation and Financial Reporting.

The duties of the Consolidation and Financial Reporting department also include responding to accounting queries made by the various business units or other corporate areas of Cellnex.

Cellnex has an accounting policies manual, the Group Reporting and Accounting Principles Handbook (GRAPH) for the purposes of preparing financial statements under EU-IFRS which is drawn up by Corporate Management Control and regularly updated by it to include the rules applicable to the year. The auditing instructions sent by the external auditor to the auditors of the various group companies for the limited review or audit in each six-monthly and annual close respectively indicate that accounting principles on which they must carry out their work are those contained in the Cellnex GRAPH.

Any alterations that may take place are notified to the subsidiaries by e-mail. In any event, checks are performed to verify whether any new significant modifications have been made in the preceding quarter that might affect the preparation of consolidated annual financial information.

F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

Cellnex has various integrated platforms of financial information for recording transactions and preparing financial information for all of its subsidiaries (SAP BCP consolidation and reporting). The completeness and reliability of such information systems are validated using the general controls stated in section F.3.2.

The preparation of regulated financial information as well as the individual financial states Cellnex's national companies is centralised Finance and Corporate Development, so to guarantee homogeneous procedures in their preparation.

Every half year and yearend the 'Half year forms /Annual forms' are received, these bring together all the information necessary for the preparation of the group's consolidated financial information (summarised intermediary financial statements and annual accounts).

These 'six-monthly and annual forms' ensure uniformity of information:
. It is standard and uniform for all countries and businesses.
. It is prepared on the basis of Cellnex's accounting manual which is standard for all of the group companies.
. It includes applicable legal, tax, commercial and regulatory requirements.

The information in the monthly reports and FORMS 2018 is loaded directly by the controllers.

F.5 **Supervision of system performance**

Describe at least the following:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Cellnex already had a model for internal control over financial reporting, which was supervised in part by Abertis' corporate functions, to see through its commitment to complete and reliable financial information, and to comply with the fact that its previous main shareholder was also a listed company.,. The adaptation of this model to the specific needs of Cellnex as a listed entity have occupied the majority of the Audit and Control Committee's activities during this year. To this effect, the AAC has carried out the following ICFR-related activities in 2018:

- Monitoring of the degree of implementation and potential changes to Cellnex's ICFR model.
- Review of ICFR-related information in the Annual Corporate Governance Report.
- Review of the financial information reported by Cellnex to the market.
- Supervision and periodic analysis of the performance of the ICFR implementation, taking note of its degree of implementation and efficacy.
- Monitoring of the work performed by the Company's external auditors to find out the internal control weaknesses detected when executing their work and the relevant factors or incidents related to them.

The Audit and Control Committee has already approved the Internal Audit Plan for 2019, which includes the necessary actions to guarantee adequate supervision and evaluation of the plans throughout the year by regularly reporting the incidents detected and the necessary actions for improvement once checked with audited areas.

Cellnex has an Internal Audit function that reports to the CAC and, as indicated by the Cellnex Board of Directors Regulations and specifically the section that corresponds tothe powers assigned to the Audit and Control Committee, has the main function o supervising the effectiveness of the company's internal controls and the internal auditing services, by verifying their suitability and integrity, and reviewing the appointment and replacement of the managers, as well as supervising the monitoring and control measures necessary for preventing criminal offences, the risk management systems, including tax-related ones, and the compliance management systems for any applicable legislation, and to discuss with the auditors any significant weaknesses in the internal control system detected while carrying out the audit.

During 2018 Internal Auditing developed various activities in key business process reviews and, as reported timely to the ACC, no significant weaknesses that could have a material impact on Cellnex's 2018 financial information have been identified; furthermore, necessary corrective actions to solve other future possible weaknesses have been carried out.

Likewise, as stated in section F.7.1, the external auditor has issued a report on the procedures agreed regarding the ICFR description made by Cellnex and which has not highlighted any material issues.

F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the *Normas Técnicas de Auditoría* (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The discussion procedure for significant weaknesses identified in relation to internal control is based, in general terms, on regular meetings maintained by the various parties involved. In this regard, the Internal Audit function communicates, on a regular basis, its conclusions regarding internal control during the reviews of the SCIIF to the Finance and Corporate Development department and to the ACC. It also reports on its conclusions relating to the internal audit processes carried out during the year, along with the implementation state of the corrective action plans established.

In relation to the relationship with external auditors, as described in section 39 of the Cellnex Board of Directors Regulations, these are channelled through the Audit and Control Committee. To this effect and to comply with its responsibility in supervising the auditor's actions as well as receiving communications regarding potential weaknesses in internal controls identified during professional actions, should there be any, the Audit and Control Committee will periodically meet with the external auditor. These communications are recorded in the Audit and Control Committee's minutes and are monitored through Internal Audit functions.

In addition, Cellnex's external auditors have direct contact with the Chief Financial Officer and maintain periodic meetings both to obtain information necessary to carry out their work and to communicate any weaknesses detected.

F.6 **Other relevant information**

No additional aspects to describe have been identified.

F.7 **External auditor´s report**

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

Cellnex has submitted to the external auditor for review the ICFR information submitted to the markets for 2018. The scope of the review procedures of the auditor are performed in accordance with Circular E14/2013 of 19 July 2013, of the Spanish Institute of Certified Auditors, which sets out the guidelines for the audit report model in relation to the Internal Control over the Financial Reporting (ICFR) of quoted companies.

G EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company´s actions. General explanations are not acceptable.

1. **That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

Complies X Explanation

2. **That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:**

   a) **The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.**

   b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies Complies Partially Explanation Not Applicable X

3. **That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:**

   a) **Changes that have occurred since the last General Shareholders' Meeting.**

   b) **Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.**

Complies X☐ Complies partially ☐ Explanation ☐

4. **That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.**

   And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

Complies X☐ Complies partially ☐ Explanation ☐

5. **That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.**

   And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies X☐ Complies partially ☐ Explanation ☐

6. **That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:**

   a) **Report regarding the auditor's independence.**

   b) **Reports regarding the workings of the audit committee and the appointments and remuneration committee.**

   c) **Report by the audit committee regarding related-party transactions**

   d) **Report on the corporate social responsibility policy.**

Complies X☐ Complies partially ☐ Explanation ☐

7. **That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.**

Complies X☐ Explanation ☐

8. **That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meetings which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.**

Complies X☐ Complies partially ☐ Explanation ☐

9. **That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X☐ Complies partially ☐ Explanation ☐

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

a) Immediately distributes the additions and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies X☐ Complies partially ☐ Explanation ☐

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies X☐ Explanation ☐

14. That the Board of Directors approves a selection policy for directors that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies X☐ Complies partially ☐ Explanation ☐

15. **That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

Complies X☐ Complies partially ☐ Explanation ☐

16. **That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.**

This criterion may be relaxed:

a) **In companies with a high market capitalisation in which interests that are legally considered significant are minimal.**

b) **In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.**

Complies ☐ Explanation X☐

This recommendation states that there must be a proportion between the capital represented by the proprietary directors and their percentage out of the total non-executive directors. At present, Cellnex's proprietary directors represent 36% of the non-executives, while the shareholder that they represent, Connect S.p.A., owns 29.9% of its share capital. Without prejudice to this, we must remember that this recommendation states that this criterion can be mitigated in companies where there are few significant shareholdings. Apart from Connect S.p.A., there are only 4 significant shareholders (over 3%) at Cellnex and none of them has stated an interest in participating on the Board.

17. **That the number of independent directors represents at least half of the total number of directors.**

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies X☐ Explanation ☐

18. **That companies publish and update the following information regarding directors on the company website:**

a) **Professional profile and biography.**

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies X Complies partially Explanation

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies Partially Explanation Not Applicable X

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies X Complies Partially Explanation Not Applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies X Explanation

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as

soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies X☐ Complies partially ☐ Explanation ☐

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

24. **That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

25. **That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.**

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies X☐ Complies partially ☐ Explanation ☐

26. **That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.**

Complies X☐ Complies partially ☐ Explanation ☐

27. **That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

Complies ☐ Complies partially X☐ Explanation ☐

Section 26 of the Board of Directors' Regulations states that directors must carry out and comply with obligations set out in the company statutes and with due business diligence, keeping in mind the nature of the roles and the functions assigned to each of these. It is also established that directors must have an adequate dedication and must adopt the necessary measures to ensure good management and control of the company when carrying out their role functions. Therefore absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. However, the Board of Directors' Regulation does not set out a Board of Directors' obligation to assign representation with instructions as such requirement cannot always be possible due to no previous participation in the debates and deliberations of the matters put forward to the Board of Directors.

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X☐ Complies partially ☐ Explanation ☐

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require

Complies X☐ Explanation ☐ Not Applicable ☐

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies X☐ Complies partially ☐ Explanation ☐

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X☐ Complies partially ☐ Explanation ☐

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies X☐ Complies partially ☐ Explanation ☐

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as

those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies X☐ Explanation ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.

d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies X☐ Complies partially ☐ Explanation ☐

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy,

audit and risk management issues, and that the majority of its members be independent directors.

Complies X Complies partially Explanation

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X Complies partially Explanation

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies X Complies Partially Explanation Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. **With regard to information systems and internal control:**

   a) **Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.**

   b) **Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.**

   c) **Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.**

2. **With regard to the external auditor:**

   a) **In the event that the external auditor resigns, examine the circumstances which caused said resignation.**

   b) **Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**

   c) **Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**

   d) **Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.**

e) **Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.**

Complies X☐ Complies partially ☐ Explanation ☐

43. **That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.**

Complies X☐ Complies partially ☐ Explanation ☐

44. **That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

45. **That the risk management and control policy identify, as a minimum:**

a) **The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.**

b) **Fixing of the level of risk the company considers acceptable.**

c) **Means identified in order to minimise identified risks in the event they transpire.**

d) **Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.**

Complies X☐ Complies partially ☐ Explanation ☐

46. **That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:**

a) **Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**

b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**

c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

Complies X☐ Complies partially ☐ Explanation ☐

47. **That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.**

Complies X☐ Complies partially ☐ Explanation ☐

48. **That high market capitalisation companies have formed separate appointments and remuneration committees.**

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Complies ☐ Explanation X☐ Not Applicable ☐

A separate Nominations Committee and Remuneration Committee have not been considered necessary so far since the current Nominations and Remuneration Committee has the ability to analyse both areas in a unified way. Dividing the Committee into two separate ones will be analysed depending on how the company performs.

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies X☐ Complies partially ☐ Explanation ☐

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies X☐ Complies partially ☐ Explanation ☐

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies X☐ Complies partially ☐ Explanation ☐

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) **That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**

e) **That their meetings be recorded and the minutes be made available to all directors.**

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

53. **That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:**

a) **Verification of compliance with internal codes of conduct and the company's corporate governance rules.**

b) **Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.**

c) **The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.**

d) **Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.**

e) **Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.**

f) **Supervision and evaluation of the way relations with various stakeholders are handled.**

g) **Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.**

h) **Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.**

Complies X☐ Complies partially ☐ Explanation ☐

54. **That the corporate social responsibility policy include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:**

a) **The objectives of the corporate social responsibility policy and the development of tools to support it.**

b) **Corporate strategy related to sustainability, the natural environment and social issues.**

c) **Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.**

d) **Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.**

e) **Means of supervising non-financial risk, ethics, and business conduct.**

f) **Communication channels, participation and dialogue with stakeholders.**

g) **Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies X☐ Complies partially ☐ Explanation ☐

55. **That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.**

Complies X☐ Complies partially ☐ Explanation ☐

56. **That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.**

Complies X☐ Explanation ☐

57. **That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.**

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies X☐ Complies partially ☐ Explanation ☐

58. **That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

And, in particular, that variable remuneration components:

a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.**

b) **Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.**

c) **Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

59. **That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

60. **That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.**

Complies ☐ Complies Partially ☐ Explanation ☐ Not Applicable X☐

61. **That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

62. **That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.**

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies ☐ Complies Partially ☐ Explanation X☐ Not Applicable ☐

The Company does not meet this recommendation since it establishes certain limits, though not exactly those envisaged in the recommendation. Specifically, the CEO is obliged to keep all shares attributed as a result of his long-term variable remuneration (LTIP 2017-2019, LTIP 2018-2020) for a period of at least two years from receipt thereof. The Company considers that two years is a sufficient deferral period as to keep the loyalty of key personnel, and also prevent merely speculative conduct through the immediate sale of the shares received. The latest LTIP that was approved (LTIP 2019-2021) changed the criterion and, instead of establishing a period for not transferring the ownership of the shares received, the obligation was established for the CEO to have at all times a certain percentage of shares, specifically an amount equivalent to one year of his base salary.

63. **That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.**

Complies X☐ Complies Partially ☐ Explanation ☐ Not Applicable ☐

64. **That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.**

Complies ☐ Complies Partially ☐ Explanation X☐ Not Applicable ☐

The Company does not exactly meet the recommendation since, although the payments to which the CEO is entitled as compensation consist of the equivalent to two years of his annual remuneration, the CEO is subject to a post-contractual non-compete covenant for a period of one year. This type of agreement must have a financial consideration, which consists of compensatory financial consideration for this restriction of one year's fixed remuneration. In the event that the CEO were not to fulfil his duty not to compete, he must return the amount received and pay an additional amount equivalent to another year of his fixed remuneration.

H FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010

Carbon Disclosure Project (CDP)

Once again Cellnex took part in the Carbon Disclosure Project (CDP), one of the most highly recognised organisations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area. In this sense, Cellnex was rated a letter B, maintaining the same score as in previous years.

Furthermore, this year Cellnex joined the CDP Supply Chain programme, which aims to better understand how suppliers are addressing climate change and working to reduce their greenhouse gas emissions. The response rate of the suppliers who were invited to answer the questionnaire in this first CDP Supply Chain campaign was 35%.

United Nations Global Compact

In November 2015 Cellnex Telecom joined the United Nations Global Compact as an expression of its commitment to including the corporate social responsibility concept into its operational strategy and organisational culture. United Nations Global Compact is an international voluntary initiative that includes more than 8,000 companies and institutions across 135 countries. Under this agreement, Cellnex Telecom undertakes to promote and spread corporate sustainability policies and practices based on the 10 key principles promoted by the United Nations, focusing on the areas of human rights, labour standards, environment and combating corruption in business activities. Cellnex's commitment to the United Nations Global Compact is part of its Corporate Responsibility (CR) programme.

FTSE4Good

Cellnex was added to the FTSE4Good sustainability index, which recognises the good practices of listed companies in the environmental, social and corporate governance fields. This year, the company obtained a score of 4.5 out of 5 in corporate governance practices and 3.8 out of 5 in social factors, two of the three main areas of analysis that led the company to be included in that international index. In environmental practices it scored 3.3.

Standard Ethics

Cellnex has taken part in the Standard Ethics sustainability index since 2017, obtaining this year an “EE-“, the same rate as last year, which is equivalent to an adequate level for good compliance in governance, sustainability and social responsibility.

Sustainalytics

For the second year running, Cellnex was evaluated by Sustainalytics, an environmental, social and corporate governance (ESG) research and rating company for investors worldwide. This year its average score was 67 points, up from 64 in 2017 and taking the company to 29th position (out of 105) from 38th the previous year. Cellnex scores average for the sector on social and environmental matters but holds a leading position when it comes to governance.

Cellnex's better rating on this index contributed to the company being able to renew a € 500 million 'green' loan that matures in 2023.

Dow Jones Sustainability Index[1]

In 2017, Cellnex participated in the DJSI index for the first time and achieved good results, ranking above the industry average in the three dimensions evaluated: economic, environmental and social.

This year Cellnex was again invited to participate in the Dow Jones Sustainability Index, as one of the few telecommunications operators worldwide. In 2018, the average score of the telecommunications industry leader dropped by 3%, whereas Cellnex improved its total score by 10%, taking it to 57 points. More specifically, in the economic dimension its score was improved by improvements made in Risk Management, Innovation and Network Reliability. With slightly lower social and environmental scores than in 2017, Cellnex will strive to continue working on all areas.

Social contribution

Cellnex works with non-governmental organisations through corporate volunteering actions, donations and joint development of projects. In 2018, Cellnex finalised and approved a Sponsorship Policy that sets out the company's priorities and guidelines on donations and sponsorships.

Contribution to initiatives

For years Cellnex has shown its commitment to society by joining and organising numerous Corporate Responsibility initiatives. Below are the most important initiatives of 2018.

Seres Foundation

The company worked with the Seres Foundation, whose aim is to "Build a healthier, stronger society with competitive businesses that can stand the test of time". The foundation aims to foster and promote strategic business actions that contribute to an overall improvement of social reality. Cellnex has signed an agreement pledging to work with the Seres Foundation, disseminate their joint work, share knowledge on good practices in social matters, and attend meetings with partners and other social entities.

Fair Logistics Foundation

In 2018 Cellnex collaborated with Fair Logistics Foundation, an organisation that works towards equal opportunities for groups at risk of exclusion from society and the labour market. Through this collaboration, Cellnex takes on the foundation's commitment to responsible consumption and the development of social logistics by importing fair trade and social economy products.

AMPANS

Cellnex contributes to the AMPANS foundation by buying the company's Christmas gift hampers from them. The AMPANS Foundation promotes education, quality of life and employment for people with an intellectual disability, mental illness and other groups at risk of exclusion, by creating and managing centres, services, programmes, support and business activities that pursue excellence.

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[1] GRI: 102-12

WWF Earth Hour 2018

For the third year running, Cellnex joined the WWF 2018 Earth Hour campaign and turned the lights off in its Madrid and Barcelona headquarters (and this year also the Esplandiu and Barcelona offices) from 8.30pm to 9.30pm on 24 March. In doing so Cellnex hopes to show its concern about the effects that climate change is having on the planet's people, nature and economy, in addition to its public commitment to reduce CO2 emissions.

Installation of forest water connections

Since 2008, Cellnex has been investing in forest water connections at its centres for firefighters to use in the event of an emergency. To date Cellnex has installed water connections in 23 of its centres in Spain, with a total investment of € 153,425 (€ 6,973.86 per connection).

Citizen Sustainability Board

In 2018, Cellnex participated in a workshop to design the work plan of the 'Barcelona Network + Sustainable' which aims to pinpoint the joint short- and medium-term measures required to overcome the challenges that this initiative focuses on.

Barcelona Climate Plan

Participation in co-producing the Barcelona Climate Plan with Barcelona City Council, which sets down all ongoing and planned actions related to climate change in the city. Cellnex draws up proposals within the company and takes part in the debate on the proposals submitted by all participants.

TV3 Telethon

Cellnex has been taking part in the TV3 Telethon for more than 10 years. The Telethon Foundation aims to foster and promote biomedical research into and social awareness of diseases for which no cure has been found. In 2018, Cellnex donated € 9,000. The money raised is used to research new methods of prevention, diagnosis and treatment for people with cancer.

Collaboration with the BEST Foundation

Cellnex made a commitment to the Barcelona Engineering and Economic Studies project this year as a sponsor company of the BEST Foundation. This new inter-university degree offered by the Polytechnic University of Catalonia (UPC), Pompeu Fabra University (UPF), Barcelona Global, and FemCat aims to train highly skilled engineers to address the challenges of a continuously changing society and equip professionals who are interested in business leadership. Cellnex will sponsor two students in a four-year commitment with an annual contribution of € 10,000 each.

IESE

Cellnex has been an IESE sponsor company since 2017 and is involved in various projects run by the Public Sector-Private Sector Centre of the Business School. In 2018, Cellnex contributed to the scholarship fund and young teacher training.

In addition, Cellnex worked with IESE on the I-WiL Index (Women in Leadership) research study, which examines female leadership and equal opportunities in 34 OECD countries, comparing the current situation (2018) to 2006. By supporting projects such as this, Cellnex hopes to highlight the importance of diversity and gender equality at work and to raise awareness among society at large.

Third Social Sector Board
As part of the m4Social Project, Cellnex Telecom signed a collaboration agreement in December 2017 with the Third Social Sector Board to carry out a social housing project involving the use of sensorisation and connectivity technologies linked to the Internet of Things (IoT). In 2018, following various definition and planning meetings and a design thinking day, Cellnex sensorised the six social houses under the project. Over the course of the year we collected and monitored data, primarily regarding consumption, energy efficiency, temperature and other indicators used to upkeep these 'connected' households. This data is stored on an IoT platform that Cellnex provides which allows the housing authorities to anticipate abnormal situations or risks, optimise resource use, and make decisions on possible actions according to the parameters obtained. It also enables them to learn a new management methodology, which in addition optimises and renders their operations more efficient.
It is worth noting that in 2018, the m4Social Project was selected and included in the Special Dossier on the SDGs of the Global Compact Network Spain as a good practice.

Highlights: Cellnex plans to adhere to the Code of Good Tax Practices but this had not yet been done at 2018 year-end.

NOTE OF CLARIFICATION ap. C1.16

Article 18. Appointment of directors
1. Directors will be appointed by the General Meeting or by the Board of Directors, in accordance with the provisions of Royal Decree 1/2010, of 2 July, by way of which the revised text of the Law on Capital Companies is approved, or the legal text which may supersede the same.
2. The proposals for the appointment of directors submitted to the Board of Directors for deliberation at the General Meeting and the appointment decisions that the Board adopts by virtue of the powers of co-optation legally vested in it must be preceded by the corresponding proposal by the Appointments and Remuneration Committee when in relation to independent directors, and by a report in the case of all other directors.
Article 19. Appointment of external directors
The Board of Directors and the Appointments and Remuneration Committee, within the scope of their remits, will ensure that the election of candidates relates to persons of known solvency, competence and experience, being particularly rigorous in relation to those called on to fulfil the positions of independent director provided for in Article 5 of these Regulations and in the terms of the applicable good governance standards.
Article 20. Term of office
1. Directors will hold their positions for the term provided for in the corporate bylaws, and can be re-elected one or more times for said term.
2. Directors appointed by co-option hold their positions until the date of the first General Meeting. Should the vacancy arise once the General Meeting has been convened, and prior to the holding thereof, the Board of Directors may appoint a director until the following General Meeting is held. Moreover, directors appointed by the Board through co-optation need not necessarily be shareholders of the Company.
When, further to the Appointments and Remuneration Committee report, the Board of Directors learns that the interests of the Company are in jeopardy, the director ending his/her mandate or ceasing to hold his/her position for any other reason cannot provide his/her services to another entity with a similar corporate purpose to the Company and that is a competitor thereof according to the assessment of the Board of Directors, for the period established by it, which will in no case be greater than two (2) years.
Article 21. Resignation of directors

1. Directors will resign their positions when they have completed the period for which they were appointed and when decided on by the General Meeting under the powers legally or statutorily vested therein.
2. Directors will have to make their positions available to the Board of Directors and, if considered appropriate, formalise the corresponding resignation in the following cases:
a) When they cease to hold the executive posts linked to their appointment as a director. As regards independent directors, when they complete twelve (12) years in the position.
b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law.
c) When they have been prosecuted for an allegedly criminal act or are subject to a disciplinary measure due to (gross) misconduct brought by the supervisory authorities.
d) When their continued membership of the Board could put the Company's interests in jeopardy and when the reasons for their appointment no longer exist. This last circumstance will be understood as occurring with regard to a director representing substantial shareholders when the full shareholding of which s/he is the owner or whose interests s/he represents have been disposed of and also when the reduction of their shareholding requires the consequent reduction of the directors representing substantial shareholders.
3. Executive directors must make their positions available to the Board once they have reached seventy years of age and the latter must decide whether they will continue exercising their executive or managerial functions or remain simply as a director.
4. In the event that, due to resignation or for any other reason, a director were to cease in his or her office prior to the end of his or her mandate, the reasons therefor shall be explained in a letter sent to all the members of the Board. Without prejudice to the timely communication of the cessation as a relevant event, the Board will give account of the cessation in the Annual Corporate Governance Report.
5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee. In particular, just cause will be deemed to exist when the director goes on to hold new offices or undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Such removal may also be proposed as a result of public offerings of acquisition, mergers or other similar corporate transactions that entail a change in the structure of the share capital of the Company, when such changes in the structure of the Board are brought about by the criterion of proportionality.

Furthermore, in addition, it was approved in 2016 a Director Selection Policy stating that, in accordance with the provisions of the Limited Liability Company Law, the Nomination and Remuneration Committee is responsible for proposing the nomination or re-election of members of the Board of Directors in the case of independent directors, with the Board itself being responsible for proposing nomination or re-election in all other cases. This proposal for nomination or re-election must be accompanied by an explanatory report from the Board that assesses the competence, experience and merits of the proposed candidate. Additionally, the proposal for nomination or reelection of any non-independent director must also be preceded by a report from the Nomination and Remuneration Committee.
Selection of the candidates for director shall be based on a preliminary analysis of the necessities of the company, which must be carried out by the Board of Directors with advice and a report from the Nomination and Remuneration Committee. The objective is to incorporate different professional and management experiences and competences, as well as to promote the diversity of knowledge, experiences and gender, considering the weight of the various activities carried out by Cellnex and taking into account any areas or sectors that should be specifically promoted. Any board member may request that the Nomination and Remuneration Committee takes into consideration a potential candidates to cover directorship vacancies, in the event that the Committee finds them suitable in its opinion. Additionally, the Selection Policy regulates the process and conditions that candidates must meet.

NOTE OF CLARIFICATION ap. C.2.1 - CAC

a) Responsibilities

The rules of organization and operation of the Committee are described in the by-laws and in the Company's Board of Directors' Regulation and, without prejudice to the other tasks assigned to it by the applicable legislation, the Board of Directors or the regulations governing the auditing of accounts, the Committee will have at least the following responsibilities:

a) To inform the General Shareholders' Meeting on questions arising in relation to those matters which fall within the competence of the Committee.

b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, proposals for the selection, appointment, re-election and replacement of the external auditor or auditing company, the contract conditions, the scope of the professional mandate and, where appropriate, revocation or non-renovation, all pursuant to the current regulations, as well as to regularly gather from the same information on the audit plan and the implementation thereof, and to safeguard their independence in the exercising of their duties.

c) To monitor the process of preparing and presenting the mandatory financial information as well as the integrity thereof.

d) To establish the appropriate relations with the external auditors or external auditing companies in order to receive information on issues which may prejudice their independence, to be studied by the Committee, and any other information related to the auditing of the accounts, as well as any other notifications envisaged in the legislation and regulations concerning the auditing of accounts. In all cases, they must receive on an annual basis from the external auditors or external auditing companies written confirmation of their independence from the Company or any organisations directly or indirectly related thereto, in addition to information regarding any additional services of any kind provided to said organisations and the corresponding fees received therefrom by auditors or external auditing companies, or by persons or organisations related thereto in accordance with the provisions established in the legislation applicable to the auditing of accounts.

e) In the event of the resignation of the external auditor, to examine the circumstances that gave rise to such.

f) To ensure that the remuneration of the external auditor for his or her work does not compromise the quality or independence thereof.

g) To oversee that the Company communicates the change of auditor as a relevant event and accompany such, where appropriate, with a declaration on the possible existence of disagreements with the outgoing auditor and of the contents thereof.

h) To ensure that the external auditor meets annually with the Board of Directors at a plenary session to inform as to the work carried out and the evolution of the accounting situation and Company risks.

i) To ensure that the Company and the external auditor comply with the standards in force on the provision of services other than auditing, the limits to the concentration of the auditor's business and the other standards governing auditor independence.

j) To issue, on an annual basis, prior to the issue of the Audit Report, a report expressing an opinion on the independence of the external auditors or auditing companies. This report must contain, in all cases, an evaluation of the provision of the additional services referred to in the previous paragraph, considered individually and as a whole, other than the legal audit, and in connection with their independent status or with the governing regulations of the audit.

k) To inform the Board of Directors in advance on all matters provided for by the Law, the corporate bylaws and in these Regulations and, in particular, regarding the financial information that the Company must publish periodically, on the creation or acquisition of holdings in entities with a special purpose or domiciled in countries or territories considered as being tax havens and on operations with associated parties.

l) To supervise compliance with the internal protocol for relationships between the majority shareholder and the Company and the companies of its respective groups, as well as to conduct any other actions established in the protocol itself for optimal compliance with the aforesaid duty of supervision.

m) To provide information in relation to the transactions that involve or could involve conflicts of interest, and in general, on the matters considered in Chapter IX of these Regulations.

n) To inform on operations of structural and corporate modifications which the Company plans to conduct, the economic conditions and the accounting impact thereof and, in particular, on the exchange ratio, where applicable.

o) To monitor the effectiveness of the Company's internal control, the internal audit services, verifying the suitability and integrity thereof and to review the appointment and replacement of those persons responsible for the same, to supervise the suitable security and control measures for preventing the commission of criminal offences, the risk management systems, including fiscal risks, the systems for managing compliance with all applicable regulations, as well as to discuss with the external auditors any significant weaknesses detected in the internal control system while conducting the audit.

p) To supervise a mechanism which allows employees to confidentially report potentially relevant irregularities detected inside the Company, especially those regarding finance and accounting, as well as those which may constitute a criminal responsibility for the Company.

The above responsibilities are stated by way of example, without prejudice to any others that may be conferred upon the Committee by the applicable legislation, the Board of Directors or which may be attributed thereto by the regulations governing the auditing of accounts.

b) Operation

The Company's Board of Directors' Regulation shall define the skills of the Committee and its scheme of organization and operation.
The Board of Directors shall determine who will hold the position of Chairman of the Committee from among the independent directors of the Committee, who will be replaced every four years, being able to be re-elected once a period of one year has elapsed since his/her resignation. The Committee itself will appoint a Secretary and may also appoint a Vice-Secretary, neither needing to be members thereof.
The Committee will meet as many times as necessary for the execution of its functions and will be convened by its Chairman, either on his/her own initiative or at the request of the Chairman of the Board of Directors or of two members of the Committee.
The Committee will be validly constituted when the majority of its members attend the meeting, either present or represented. The resolutions will be adopted by a majority vote among those in attendance, present or represented.
Any member of the management team or Company's personnel may be obliged to attend the Committee's sessions and to provide assistance to its members and access to the information s/he has available, if so requested. The Committee can also request that the Company's external auditors attend its sessions.

1. Activities

During 2018, the Committee held nine meetings and carried out the following key activities:

a) Review of financial information

- 2017 financial statements:

  - In February, the Committee reviewed the December 2017 results and the 2017 Consolidated Financial Statements, including the external Auditors' Report, the Integrated Annual Report, the Management Report and the Annual Corporate Governance Report, with the finance team and the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the application of the 2017 results (including the distribution of the final dividend corresponding to year 2017 against issue premium reserve) and the 2017 Annual Accounts, including the Management Report and Annual Corporate Governance Report.
    (a)
    (b)
- 2018 financial statements and 2019 budget:

  - In January, the Committee reviewed the 2018 budget with the finance team who presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the 2018 budget.

  - In April, the Committee reviewed the financial results for the first quarter of the year with the finance team who presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the first quarter financial statements.

  - In July, the Committee reviewed the half-yearly financial statements and the relevant external Auditors' Report. This information was discussed with the members of the management team responsible for their preparation and with the external auditors who presented the main aspects and their conclusions.

The Committee provided a favourable recommendation to the Board of Directors to approve these interim financial statements under IFRS 16.

- In November, the Committee reviewed the financial results for the third quarter of the year together with the third quarter external Auditors' Report. This information was discussed with the members of the management team responsible for their preparation and with the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the third quarter financial statements.

- In December, the Committee reviewed the 2018 forecast and the 2019 budget with the finance team who presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the 2019 budget.

b) External auditors

- In January, the external auditors attended the Committee to explain the new Auditor's Report, the additional report to the Committee and the Integrated Annual Report to be prepared and to present their draft report on the 2017 Consolidated Financial Statements.

- In February, the external auditors attended the Committee to review the 2017 Consolidated Financial Statements, including the external Auditors' Report, the Integrated Annual Report, the Management Report and the Annual Corporate Governance Report, and presented the main aspects and their conclusions.

- Also in February, the external auditors presented to the Committee their review of the Internal Control over Financial Reporting Model and the new regulation on the pre-approval by audit committees of the non-audit services to be provided by the external auditors.

- In July, the external auditors attended the Committee to present the report of the 2018 half-yearly financial statements (under IFRS 16).

- In November, the Committee met the external auditors to review the scope, the audit planning and the status of their review and they provided their conclusions on the 2018 third quarter financial statements and their preliminary conclusions on the 2018 financial statements.

c) Corporate Governance

- In February, the Committee reviewed the three reports for year 2018 to be approved by the Committee in connection with the Annual Accounts, the Management Report and the Annual Corporate Governance Report, namely: (i) the Report on the Functions and Activities of the Committee; (ii) the Report on Related Party Transactions; and (iii) the Report on the Independence of the Auditor. The Committee provided a favourable recommendation to the Board of Directors to approve these reports.

- In April, the Committee reviewed the Annual General Meeting delegations to the Board to be updated. The Committee provided a favourable recommendation to the Board of Directors to submit to the Annual General Meeting, for its approval, the renewal of the delegations to issue shares with pre-emption rights, to issue convertible securities and to acquire treasury shares, all for a period of five years.

d) Capital markets

- In 4 January 2018 (by conference call), the Committee discussed the issuance of a convertible bond. The finance team presented the main aspects, characteristics and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the issuance of the convertible bond on the terms agreed.

- In all the meetings, the Corporate Finance Director, together with the CFO, provided to the meeting a capital markets update (including the liquidity assessment).

- In April, the Committee discussed the establishment of a multi-currency European Commercial Paper ("**ECP**") and the renewal of the existing EMTN programme. The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to authorize: (i) the establishment of the ECP programme in Euros, GBP and Swiss Francs for an amount of up to €500 million and the drawdowns under the same for an amount up to the equivalent of €150 million; and (ii) the execution of all the documents necessary to renew the EMTN programme.

- In July, September and November, external financial advisors presented to the Committee their view on the debt and equity markets and presented strategic considerations regarding the Company's capital structure.

- In December, the Secretary of the Committee together with the finance team presented to the meeting an update of the Brexit process and a summary of the main aspects affecting the Company. It was agreed to monitor the process and provide further reports to the Committee.

- Also in December, the finance team presented to the Committee a project to optimize the Company's financial structure taking advantage of the share price performance. The Committee provided a favourable recommendation to the Board of Directors to approve the tap of the existing convertible bond up to c. €200 million.

e) Tax

- In February, the tax team, together with the law firms Altalex and Pérez Llorca, provided the Committee with an update on the work carried out in relation to the Netherlands and Spain restructurings and they noted their current status and next steps to be executed.

- In April, the tax team, together with the consultancy firm IplusF, provided the Committee with an overview of the patent box model and 5G being implemented by the Company and its group. It was confirmed that these initiatives are compliant with current tax legislation.

- Also in April, the tax team, together with PwC, provided the Committee with an update on (i) the development and implementation of the Tax Control Framework and (ii) the Company's position on tax best practices (transparency) taking into consideration the indicators defined by certain key investors. It was noted that the Company is diligent and is working in accordance with law and best practice.

- In July, the Secretary of the Committee introduced to the meeting the notification received by the Company on a tax audit to take place shortly (focused on CIT&VAT for years 2015 and 2016). It was noted that the Company is well prepared for this. In September, the tax team, together with PwC, presented to the Committee an update of the tax audit process.

- In September, the tax team, together with the Company's advisors in the Netherlands (Atlas), provided to the meeting an update on the RETT issue in France and the Netherlands respectively and detailed the next steps and main actions to be undertaken.

- Also in September, the tax team, together with PwC, explained to the Committee the assessment of a potential merger between Cellnex Italia and Galata with the objective of making the current organizational structure in Italy more efficient. The transaction overview and the strategic rationale were noted.

- In December, the tax team presented to the Committee an update on the tax dossier (included following the recommendation of the good tax governance policy). It was noted that, based on the analysis carried out by external advisors, there are no significant tax risks.

f) Other information

- Rating agencies, financial firepower and capital structure assessment: In February, April, June, July, September and December, the Head of Corporate Business & Finance Planning, together with the CFO, attended the Committee to: (i) provide an update on the current situation with rating agencies and the different aspects affecting the Company's credit rating; (ii) review the M&A projects pipeline and the Company's financial firepower to execute said pipeline; and to (iii) provide a capital structure assessment.

- Investor relations update: In all but one of the meetings , the Head of Investor Relations, together with the CFO, provided to the Committee an update on this topic, focusing on the share price performance, the relation with investors and analysts and the status of short positions.

- Operational report: In January, the Chief Business Operating Officer provided a report to the Committee on operational matters.

- State aid update: In February, the finance team provided an update to the Committee on this topic, explaining that it has been closed with a favourable outcome for the Company.

- Efficiency plan update:

    - In February, those responsible for its preparation presented to the Committee an update on the 2017-2020 OPEX Efficiency Plan noting the key items and their conclusions.

    - In June and November, those responsible for its preparation presented to the Committee an update on the 2015-2020 OPEX Efficiency Plan noting the key items and their conclusions.

- Non-audit services: In February, the proposal of pre-approval by the Committee of the non-audit services to be provided by the auditors was presented and approved.

- IFRS 16:

    - In April and July, the finance team, together with PwC, provided to the Committee an update on this topic and presented the main aspects and their conclusions

    - In June, the finance team provided to the Committee a first look of IFRS 16, detailing the work undertaken in order to be prepared for the Company to be an early adopter of IFRS 16 in reporting the first half results, and provided to the meeting an update on this topic.

- Dividends:

    - In April, the finance team explained to the Committee the proposal to distribute the dividends corresponding to years 2017, 2018 and 2019 against share premium reserve. The Committee provided a favourable recommendation to the Board of Directors to submit such proposal to the Annual General Meeting.

    - In June, the Committee reviewed the dividend policy. The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the distribution in mid-July of a dividend against share premium reserve.

    - In November, after the explanation of the finance team, the Committee provided a favourable recommendation to the Board of Directors to approve the distribution of cash to shareholders against share premium reserve.

- Cash pooling policy: In June, the finance team presented to the Committee the proposal of cash pooling framework policy and the reason for its implementation. The Committee provided a favourable recommendation to the Board of Directors to approve the endorsement of the policy as the framework for all the cash pooling agreements to be implemented within and across countries of the Cellnex group. This framework policy will serve as a basis for the more developed and detailed policy to be prepared.

- UK restructuring: In June, the Secretary of the Committee explained to its members the restructuring project started in the UK in order to rationalize the corporate structure.

- Internal audit guidelines: In November, the Internal Audit Manager presented to the Committee the amendments proposed to the internal audit guidelines. The Committee provided a favourable recommendation to the Board of Directors to approve (i) the update of the internal audit guidelines for them to be fully consistent with all the CNMV recommendations and (ii) the required amendments to the organizational chart.

- CNMV questionnaire: In September, the Secretary of the Committee reported on the CNMV questionnaire received by the IBEX 35 companies regarding the functioning of audit committees and explained that the relevant responses were being prepared in order to submit the answers within the deadline.

g) Internal audit

- Functions: The main Internal Audit functions are:

    - Perform the auditing activities as defined in the annual audit plan, based on reasonable and established criteria, especially in the risk level assessment and focusing on the main organizational activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.
    - Maintain an adequate coordination with the external auditors for the exchange of information regarding the audits carried out with the aim of minimizing duplication and in order to track the audits performed as well as any weaknesses in the internal control identified.
    - Report to the Committee and Senior Management of the Cellnex group regarding the key recommendations in each company of the group, as well as to provide them with the action plan to be performed by such companies.

- Activities: The main activities carried out by Internal Audit and supervised by the Committee are:

    - Audits:

      - The performance of those audits included in the 2018 audit plan and of those audits not originally included in the audit plan but requested by the Committee and / or by the Senior Management.

      - The monitoring of the recommendations and action plans proposed for the different audits. While carrying out its audit work, if Internal Audit detects that improvements can be made to the internal controls, it reports the main recommendations and the action plans defined to the relevant area responsible with the aim of strengthening the existing control or implementing a new control and establishing the implementation date.

      - The review of the defined processes and controls related to financial reporting which are included in the annual internal audit plan.

    - Audit Plan: Prepare the audit plan for the next year. In November, the Committee approved the audit plan for 2019 based upon:

      - Assessing the risk level and focusing on the main organization’s activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.

      - Defining the activities to be reviewed, i.e., basic processes (revenues, procurements, etc.), other processes (real estate, rentals, energy, etc.) or compliance (ICFR, others).

h) Risk control

This function is carried out by Internal Audit.

The activities carried out in this regard by Internal Audit and supervised by the Committee in 2018 were:

- A review of the risk map (including likelihood and impact) of Spain, Italy, UK, the Netherlands, France and Switzerland.
- The review of the action plans associated to the risks in these countries.

NOTE OF CLARIFICATION ap. C.2.1 - CNR

OPERATION

In accordance with the Board of Directors' Regulations, the Board of Directors will appoint a Chair among the independent directors. The Chair must be replaced every four years and may be re-elected once a period of one year from his departure has transpired. The Nominations and Remuneration Committee will appoint a Secretary and may appoint a Vice-Secretary that will not be necessarily members of the Committee itself.
The Nominations and Remuneration Committee will meet every time the Board of Directors or its Chair request a report be issued or proposals adopted and, in any case, whenever it is deemed advisable for the proper execution of its duties. It will be convened by the Chair of the Committee, either on his/her own initiative or on the request of the Chair of the Board of Directors or of two members of the Committee itself.
The Nominations and Remunerations Committee will be validly constituted when the majority of its members attend the meeting, either present or represented. The resolutions will be adopted by a majority vote among those in attendance, present or represented.

RESPONSIBILITIES

Without prejudice to the other tasks assigned to it by the Board of Directors, the Nominations and Remuneration Committee will have at least the following basic responsibilities:

(a) To evaluate the competencies, knowledge and experience required in the Board of Directors. To this end, it will define the duties and skills required of the candidates to fill each vacancy, and it will evaluate the time and dedication needed for them to effectively perform their duties.

(b) To establish a target for the representation of the under-represented gender on the Board of Directors, and prepare guidance on how to obtain said target.

(c) To submit to the Board of Directors proposals for the appointment of independent directors for the co-optation thereof or for the submission thereof to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or dismissal of the aforesaid directors by the General Shareholders' Meeting.

(d) To inform on proposals for the appointment of the other directors for the co-optation thereof or for the submission thereof to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or dismissal of the aforesaid directors by the General Shareholders' Meeting.

(e) To inform on proposals for the appointment and dismissal of members of the Senior Management and the basic conditions of their contracts.

(f) To inform, in advance, on the appointment by the Board of Directors of the Chair and, where applicable, of one or more Vice-Chairs, as well as the appointments of the Secretary and, where applicable, of one or more Vice-Secretaries. The same procedure shall be followed to agree on the dismissal of the Secretary and, where applicable, of each Vice-Secretary.

(g) To examine and organise the succession of the Chair of the Board of Directors and of the Company's CEO and, if appropriate, to make proposals to the Board of Directors for such succession to occur in an orderly and well planned manner.

(h) To propose to the Board of Directors the remuneration policy for the directors and general managers, or for those individuals who perform their Senior Management duties reporting directly to the Board of Directors, to executive committees or to CEOs, as well as the individual remuneration and all other contractual conditions for executive directors, ensuring compliance therewith.

(i) To suggest to the Board of Directors which members should form part of each of the Committees.

(j) To periodically review the remuneration programmes, considering their suitability and returns.

(k) To propose to the Board of Directors, for submission to the General Shareholders' Meeting for an advisory vote, the drafting of an annual report on the remuneration of its directors, under the terms of article 541 of the Law on Capital Companies, already other provision which may replace the same in the future.

(l) To consider the suggestions made to it by the Chair, Board members, company executives or shareholders.

(m) To provide information regarding the appointment and dismissal of managers who have direct dependence to the Board of Directors or some of its members, as well as establishing the basic conditions of their contracts, including remuneration, and also inform decisions on remuneration of directors, within the statutory framework and, where appropriate, of the remuneration policy adopted by the General Shareholders' Meeting.

(n) To monitor compliance with the corporate governance rules and internal codes of conduct.

(o) To monitor the corporate social responsibility strategy and practices, and to assess the degree of compliance therewith.

2.- Activities

Nine meetings were held involving the following actions, amongst others:

(A) <u>Corporate governance:</u>

The corresponding report was issued assessing the competence, experience and merits of the proprietary directors Mr Carlos del Rio and Mr David Diaz to appoint them by co-option and for ratification by the General Meeting.

The corresponding report was issued proposing the designation of Mr Tobias Martinez as the Board Chair (replacing Mr Francisco Reynés) and the appointment of Mr Giampaolo Zambeletti as a coordinating director.

The corresponding report was issued proposing the re-election of the independent directors Messrs Blayau, Shore, Kan, and Zambeletti.

The corresponding report was issued assessing the competence, experience and merits of the independent directors Ms Anne Bouverot and Ms Marisa Guijarro, proposing their appointment and enabling MS Marisa Guijarro to join the NRC and Ms Anne Bouverot the ACC.

The corresponding report was issued assessing the competence, experience and merits of the proprietary directors Mr Marco Patuano, Ms Elisabetta De Bernardi di Valserra, Mr Carlo Bertazzo and Ms Andrea Pezzangora to appoint them by co-option.

The corresponding report was issued proposing the designation of Mr Marco Patuano as the Board Chair (replacing Mr Tobias Martinez).

The corresponding report was issued assessing the competence, experience and merits of the proprietary director Mr John McCarthy to appoint him by co-option and enable him to join the NRC.

A report was issued amending the Board of Directors' Regulations aimed at including the proposals made by an independent expert who assessed the functioning of the Board and its Committees in 2017.
A performance self-assessment of the Board and its Committees was conducted in 2018, and improvements were proposed to the Board through an Action Plan.
Reports were given on the ACGR (annual corporate governance report) and the ARR (annual remuneration report).

(B) Remuneration-related activities:

The degree of compliance by the CEO with the targets for 2017 was analysed and his performance assessed. The CEO's targets for 2018 were also analysed and the corresponding proposals were submitted to the Board.
Based on a comparative study by an external company, the CEO's remuneration for 2018 and 2019 was proposed and, consequently, the amendment to the director remuneration policy was prepared and approved for submission to the Board and approval by the General Meeting.
The directors' remuneration was reviewed to conform it to the market and take into account the directors' degree of involvement and commitment.
The nomination of several members of the Senior Management was reported. Also, based on market surveys conducted by an external company, the remuneration of the main managers (reporting directly to the CEO) for 2019 and 2020 was analysed, and the corresponding proposal was submitted to the Board for approval.
A final assessment of the achievement of the LTIP 2015-2017 targets was made and the approval of Multi-Year Incentive Plans (LTIP 2018-2020, LTIP 2019-2021) applicable to the CEO and certain key company personnel, together with the corresponding contracts, was prepared and submitted to the Board.

(C) Corporate social responsibility activities:

The Corporate Social Responsibility Master Plan for 2016-2020 was monitored. This instrument includes all the company's ethical, environmental and social initiatives whose yearly progress is included in the Integrated Annual Report.
A corporate social responsibility policy report was also drafted.

(D) Code of Ethics activities:

Reports were given on the restructuring of the Ethics and Compliance Committee.
A training plan was supervised on the Code of Ethics and supplementary regulations for all the Group's employees.

(E) Talent management:

(c) The NRC analysed the actions carried out to date by management, basically the Succession Plan and High Potential Programme. The general Succession Plan includes the CEO and certain key positions (32).
(d) The top 10 positions (Senior Management and Country Managers) were also analysed individually, and the succession proposals were validated with the help of a prestigious external advisor. An emergency Succession Plan (independent of the general Succession Plan) was also drafted; therefore, in the event of unforeseen circumstances, all the key positions have a replacement so that the company's activity is not affected.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 21/02/2019.

State whether any directors voted against or abstained from voting on this report.

Yes ☐ No x☐

Name of director who has not voted for the approval of this report	Reasons (against, abstention, non- attendance)	Explain the reasons
	Remarks	