

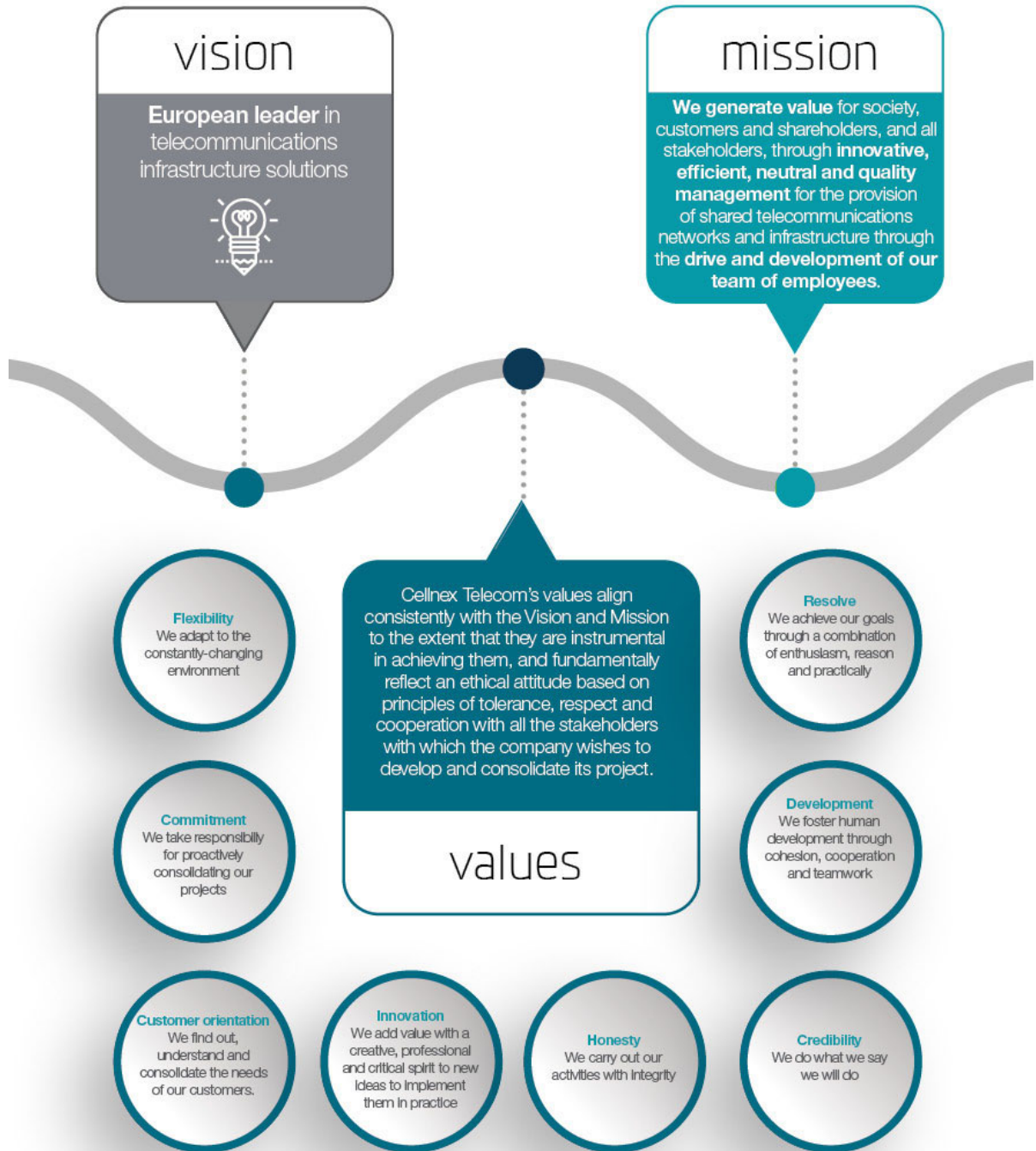


# 3

**Governance Model**

# Corporate culture

## Corporate culture



# Corporate governance

In 2018, Cellnex conducted a self-assessment of the performance of the Board of Directors. The result was positive. However, a series of objectives were established in order to correct the slight deficiencies detected.

During 2019, Cellnex has continued to incorporate the best Corporate Governance practices through the actions adopted as a consequence of the result of this evaluation and the recommendations included in the Good Governance Code of the listed companies of the National Securities Market Commission (CNMV).

At the end of 2019, the Board of Directors carried out a new self-assessment of its functioning through a comprehensive questionnaire made up of the following components: (i) Board composition; (ii) functioning of the Board; (iii) Chairman of the Board; (iv) Board Secretariat; (v) Board Committees; (vi) performance of the CEO and relationship with senior management; (vii) alignment and commitment of the Board with the Company's strategic objectives; and (viii) overall assessment of the Board. The questionnaire was answered by all the members.

As a global assessment, the Board members identify their diversity, their independence, their professionalism and their knowledge of the sector as their strengths. Their dedication, their commitment to the success of Cellnex and the confidence atmosphere in which meetings take place were also appreciated. Notwithstanding the above, some areas for improvement were identified for the coming years, which are specified in an Action Plan to be implemented.

An independent external consultant will perform an evaluation of the functioning of the Board and its Committees in 2020.

The selection policy for directors, approved by the Appointments and Remuneration Committee of the Board of Directors in 2016 seeks to ensure an appropriate composition of the Board. According to the policy, Board member selection must take into account factors such as the company's shareholder structure, members' diversity of knowledge, professional experience, background, nationality and gender, as well as their availability to perform the role, specific expertise in particularly relevant areas (financial, legal, telecommunications, etc.), conflicts of interest (actual or potential), and their personal commitment to defending the company's interests. With regard to gender diversity under this policy, the company must ensure as soon as possible and at the latest by the end of 2020 that the least represented gender makes up to at least 30% of total members of the Board of Directors.

The composition of the Board was maintained during FY 2019, although there were changes in some positions. The current composition of the Board ensures a compact, experienced and strategy-oriented Board of Directors comprising four Proprietary directors and seven Independent directors, in addition to the Chief Executive Officer.

## Board of Directors



EXECUTIVE



PROPRIETARY



INDEPENDENT

## Changes in 2019

## Changes in the Shareholder structure

There were no material changes in the Shareholder structure in 2019. Please note that over this period two share capital increases took place which slightly modified the shareholding rates.

7th  
January**Issue of senior unsecured convertible bonds**

The Board of Directors of Cellnex resolved to carry out a tap issue of senior unsecured convertible bonds due 2026, convertible into new or existing ordinary shares of the Company, with shareholders having no preferred subscription right.

The aggregate principal amount was €200 Million.

28th  
February**First share capital increase of €1.2 billion**

The share capital increase, with preferential subscription rights for current shareholders, amounted to €1.2 billion, representing 28.9% of the share capital before the capital increase and 22.4% after.

During the pre-emptive subscription period, shares representing 98.8% of the new shares were subscribed.

25th  
June**Issue of senior unsecured convertible bonds**

The Board of Directors of Cellnex resolved to carry out an issue of senior unsecured convertible bonds due 2028, convertible into new or existing ordinary shares of the Company, with shareholders having no preferred subscription right.

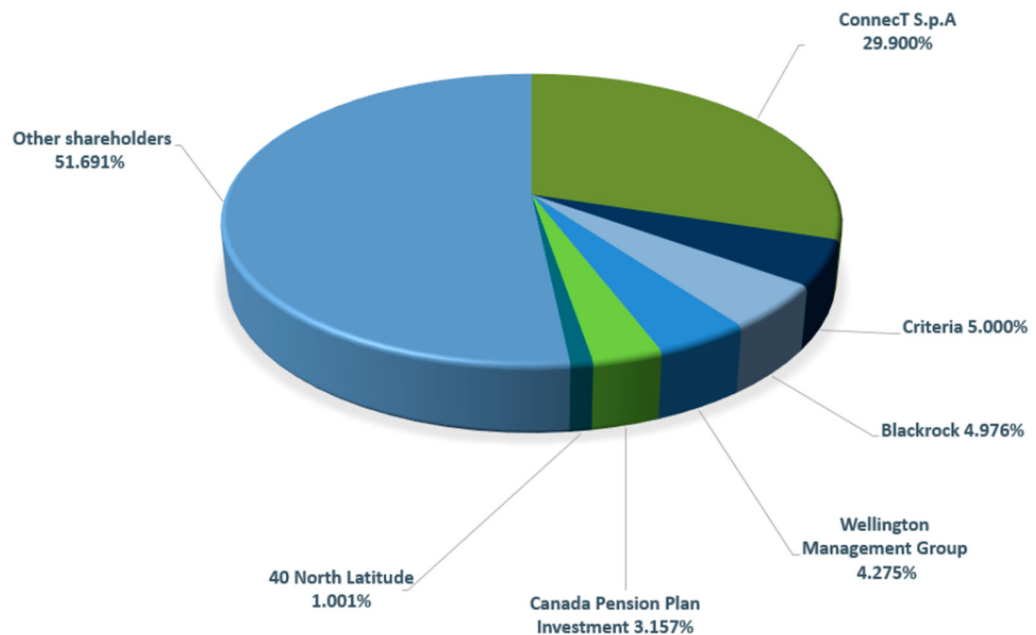
The aggregate principal amount was €850 million.

8th  
October**Second share capital increase of €2.5 billion**

The share capital increase, with preferential subscription rights for current shareholders, amounted to €2.5 billion, representing 29% of the share capital before the capital increase and 22.5% thereafter.



## SHAREHOLDER STRUCTURE



## Changes in the Board of Directors

The most significant adaptations and changes made to the Group's Corporate Governance in 2019 are as follows:

- **Appointment of Mr. Franco Bernabè (25/7/2019) as a member of the Board of Directors, replacing Mr. Marco Patuano (Director and Chairman of the Board of Directors).** Mr. Marco Patuano was a proprietary director on behalf of the shareholder Connect S.p.A., so his replacement, Mr. Franco Bernabè, was also appointed, following a report from the Nominations and Remuneration Committee and from the Board of Directors, by the co-optation procedure as proprietary director on behalf of the shareholder Connect S.p.A.
- Likewise, and after a favourable report from the Nominations and Remuneration Committee, it was decided to **appoint Mr. Franco Bernabè as the non-executive Chairman of the Company. Mr. Tobías Martínez maintains his responsibilities as CEO.**
- **Appointment of Mr. Mamoun Jamai (20/6/2019)** following a report from the Nominations and Remuneration Committee and from the Board of Directors, by the co-optation procedure **as proprietary director** on behalf of the shareholder Connect S.p.A and as a member of the Nominations and Remuneration Committee, replacing Mr. John Benedict McCarthy.
- **Appointment of Mr. Jaime Velazquez (31/12/2019)** following a report from the Nominations and Remuneration Committee and from the Board of Directors **as non-Director Secretary of the Board, replacing Mr. Javier Martí de Vesés Estades.** This appointment was preceded by the search and validation of candidates by a head hunter of recognised prestige.
- **Appointment of Ms. Virginia Navarro (26/9/2019)** following a report from the Nominations and Remuneration Committee and from the Board of Directors **as non-Director Vice-Secretary of the Board of Directors,** replacing Ms. Mary Gatehouse.

Governance Model

The Board of Directors met 17 times in 2019, achieving an attendance rate of over 95%. This shows that Cellnex's Board of Directors participates actively in decision-making. Also, there were 10 ACC meetings and 8 NRC meetings.

During 2019, there were no changes in the recommendations of the CNMV's Code of Good Governance. Therefore, Cellnex continues to comply with 60 out of the 64 existing recommendations. For the remaining 4 recommendations, the situation is as follows:

- **Recommendation 16: proportional representation of proprietary directors out of the total of non-executive directors.**
  - In 2019 proprietary directors represented a percentage higher than their shareholding: 4 out of 11 (36% of the Board excluding the CEO vs. 29.9% shareholding).
  - The CNMV mitigates the strict criterion of proportionality when there are few significant shareholders (4 in the case of Cellnex) with more than 3%.
- **Recommendation 48: having two separated commissions: one for appointments and one for remuneration.**
  - Not justified by workload.
  - A separation may be considered in light of future developments in the Company.
- **Recommendation 62: shares given as remuneration may not be sold within a 3-year period.**
  - Entitlement to shares received by the CEO is generated in a 3-year period, after which they may not be transferred for a further 2-years period. This is considered a sufficient period of time in terms of loyalty and to avoid speculation.
  - On the other hand, in the last LTIPs approved the criterion was changed and instead of establishing a lock-up period, they now establish the obligation for the CEO to hold a certain percentage of his salary in shares at all times: 1 year of his base salary for ILP 2019-2021; 2 years of his base salary for ILP 2020-2022.
- **Recommendation 64: CEO compensation for termination of contract may not exceed 2 years' total compensation.**
  - The CEO's compensation for termination of his contract is 2 years of his salary.
  - In addition to this, as a consideration for a non-compete undertaking, he has the right to receive a compensation equivalent to 1 year of his salary.



The Strategy Retreat was held in November 2019. This is an annual meeting of the Board of Directors and Steering Committee with certain key directors of the Group to discuss matters relating to the company's strategy and development.

The success of the meeting led to an increase in the number of participants and the duration of the meeting. All directors had a positive opinion of the meeting, which gave them a first-hand view of the strategy of the company. This was true, not only of senior management but also to other directors and country managers, who normally have no opportunity for contact. It was also a way to facilitate an exchange of opinions between the Board of Directors and managers. Furthermore, it enabled us to conduct an analysis of the implementation of the proposals made in the last meeting of the previous year.

The number of officers comprising the Steering Committee was increased extended, incorporating Managing Directors of the countries, in order to include the view of different countries. Moreover, the Steering Committee was renamed Business and Operations Executive Committee.

The Shareholders Meeting held on 9 May of 2019 in Madrid was a resounding success with the approval of the Annual Accounts and Management Report for 2018, with 99.8% of the votes in favour, and an attendance quorum of over 82%.

## The Cellnex Board of Directors

### Independent directors:

- **Bertrand-Boudewijn Kan**, former Managing Director and Head of the Telecommunications Group of Morgan Stanley. He subsequently 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. He is currently Chairman of the Advisory Board of Wadhvani Asset Management and of the Supervisory Board of UWC in the Netherlands.
- **Pierre Blayau**, President of Caisse Central Réassurance, member of the strategic committee of SECP (Canal+ Group), Censor of FIMALAC, Senior Advisor of Bain & Company and Chairman of Harbour Conseils. He was previously CEO of Pont à Mousson, PPR, Moulinex, Geodis, and Executive Director of SNCF. He has also served as Executive Director of La Redoute, as 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 National d'Administration in Paris and the École Normale Supérieure de Saint-Cloud.
- **Giampaolo Zambelletti**, Chairman of RCS Investimenti and Vice-President of Unidad Editorial. He was previously Founder and Managing Director of Zambelletti España, President and CEO of Zambelletti 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 was appointed Group Senior Vice President International Affairs of Telecom Italia. He has also been a member of the Board of Directors of Telecom Italia International (The Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Ojer Telekomunikasyon (Turkey) and Telekom Austria. He is currently Vice-President of Unidad Editorial, S.A.
- **Peter Shore**, former Chairman of the telecommunications infrastructure operator Arqiva in the United Kingdom, and of Uecomm, Lonely Planet Publications, HostWorks Group and Airwave. He has also been Managing Director of the Telstra Group in Australia, CEO of MyPricein Australia and New Zealand, and Managing Director of Media/Communications/Partners. He also served as a Director of Objectif Telecommunications Limited, Foxtel, SMS Management and Technology, and OnAustralia. He was also a member of the Advisory Board of Siemens Australia.

Governance Model

- **Marieta del Rivero**, Independent Director of Gestamp Automocion, Member of the Advisory Board of the Mutual Society of Lawyers and of Made in Mobile. She is also a partner at Seeliger y Conde, Vice-president of International Women Forum and member of Board of the Spanish Directors Association (AED). She is the former worldwide Marketing Officer of Telefonica and CEO of Nokia Iberia. Ms. Del Rivero has also held executive positions in telecommunication operators such as Amena or Xfera mobiles. Marieta del Rivero is a graduate of Business Administration and Economics by Universidad Autónoma de Madrid, AMP by IESE and EP by Singularity University California.
- **Anne Bouverot** is currently Chairperson of the Board of Directors of Technicolor, as well as Senior Advisor of TowerBrook Capital Partners and Independent Director at Capgemini and Edenred. She also chairs Foundation Abeona, which looks at the social impact of Artificial Intelligence and digital technology. Previously she was CEO of Morpho, a biometrics and cybersecurity company and Managing Director of the GSMA. She previously held several international management positions in telecommunications companies such as France Telecom / Orange (Executive Vice President of Mobile Services), Global One Communications, Equant and Telmex.
- **María Luisa Gujjarro**, has held executive positions in Telefónica including Global Marketing and Sponsorship Manager, CEO of Terra España, Director of Marketing and Business Development in Spain and, more recently, member of the Executive Committee in Spain as head of Strategy and Quality.

### Proprietary directors:

- **Franco Bernabè** is Chairman of FB Group, a family investment vehicle based in Rome. Until February 2019 he was Chairman of Nexi S.p.A. Prior to this, he was Chairman and CEO of Telecom Italia, Chairman of GSMA (the international organisation of mobile network operators), CEO of ENI, the Italian state oil company, Vice-Chairman of Rothschild Europe, member of the board and Chairman of the Audit Committee of PetroChina for 14 years, member of the Supervisory Board of TPG Post Group in the Netherlands, member of the International Council of JP Morgan. He was also member of the Executive Committee of Confindustria and a member of the European Roundtable of Industrialists. He currently serves pro bono as Chairman of the Italian National Commission for UNESCO. He is Senior Advisor to Barclays Bank. In 2011 he was knighted by the President of the Italian Republic.
- **Carlo Bertazzo**, is CEO of Atlantia since January 2020 and former General Manager of Edizione Srl, the industrial holding company of the Benetton family. He is also Director of other companies forming part of the Edizione Group: Sintonia (CEO), ConnecT, Schema 33. In addition, he is a Board member of Abertis Infraestructuras, S.A.
- **Elisabetta De Bernardi Di Valserra**, began her career in the investment banking team at Morgan Stanley (2000) where she worked in the Communications & Media team in London, later joining the corporate finance team in Milan, where she remained as Executive Director until 2013. She has been Investment Director at Edizione Srl, the holding company of the Benetton family, since 2015 and is a Board member of other companies forming part of the Edizione Group: ConnecT (CEO), Sintonia. In addition, she is Board Member of Getlink and Aeroporti di Roma.
- **Mamoun Jamai** serves is a “Senior Portfolio Manager” of the Infrastructure Division at the Abu Dhabi Investment Authority (“ADIA”). In addition to his responsibilities at ADIA, Mr. Jamai is a Chairman of ConnecT S.p.A and Director of Anglian Water Group and Tank & Rast. Prior to joining ADIA in 2008, he served as a member of the Industrials team at Bank of America.



## Executive Director:

- **Tobías Martínez** Chief Executive Officer of Cellnex. He is the executive head of the company. He joined Acesa Telecom (now Cellnex Telecom) in 2000, first as a Director and Managing Director of Tradia and, subsequently, of Retevisión. Before joining Acesa Telecom Group he led his own information and telecommunications systems business project for over 10 years.

## Secretary non-member of the Board:

- **Until 31 December 2019. Javier Martí de Veses** holds a degree in Law from the University of Barcelona (UB) and also has a Master in Legal Practice from the Instituto de Empresa (Business School of Madrid). He was in charge of the company's legal area, covering Legal Advice, regulatory matters and insurance. He was Chairman of the Ethics and Compliance Committee. He had worked for the Group since 1998 when he took over the Legal Department of what was then Retevisión, and has since held various different positions in the organisation.

**From 31 December 2019, Jaime Velázquez** has a Law degree from the University of Extremadura and is a State Lawyer (*Abogado del Estado*) on leave from that post. He has extensive experience in Commercial Law, mainly in corporate merger and acquisition operations in regulated sectors and in matters related to corporate governance of companies. He is currently running an international law firm in Spain, which he joined in 2005. Previously, he served as secretary of the Board of Directors and General Counsel of the Spanish Official Credit Institute (ICO), and General Secretary of the Council of the Telecommunications Market Commission (CMT). He has taken part in numerous talks and has also been an associate professor of Commercial Law at the Pompeu Fabra University in Barcelona.

## Vice Secretary non-member of the Board:

- **Virginia Navarro** is Director of Legal M&A & Financing at Cellnex. Prior to that, she was Senior Manager of the Legal Department of Abertis Infraestructuras, actively participating in M&A and financing projects of the Group both national and cross-border. Previously, she worked at Linklaters in Spain as Associate in the Corporate Department and in the legal department of Morgan Stanley.

## Committees of the Board of Directors

The Cellnex governance bodies are supplemented by the Audit and Control Committee (ACC) and the Appointments and Remuneration Committee (NRC), both composed of non-executive Directors, mostly independent Directors. It is also important to note that independent Directors chair the Board Committees. The responsibilities and functioning of the ACC and the NRC are set out in the Internal Regulations of the Board of Directors.

Governance Model



**Franco Bernabè**  
Chairman  
Proprietary



**Tobias Martinez**  
Chief Executive Officer  
Executive



**Bertrand Boudewijn Kan**  
Vice chairman  
Independent  
● Chairman



**Giampaolo Zambelletti**  
Coordinating director  
Independent  
● Chairman



**Carlo Bertazzo**  
Proprietary



**Pierre Blayau**  
Independent  
●



**Anne Bouverot**  
Independent  
●



**Elisabetta De Bernardi**  
Proprietary  
●



**Marieta del Rivero**  
Independent  
●



**María Luisa Guijarro**  
Independent  
●



**Mamoun Jamai**  
Proprietary  
●



**Peter Shore**  
Independent  
●



**Javier Martí De Veses**  
Secretary non-member of the Board  
(until 31/12/2019)  
● Secretary



**Jaime Velázquez**  
Secretary non-member of the Board  
(from 31/12/2019)



**Virginia Navarro**  
Vice secretary non-member of the Board  
● Secretary

● Audit and Control Committee (ACC)

● Appointments and Remuneration Committee (NRC)

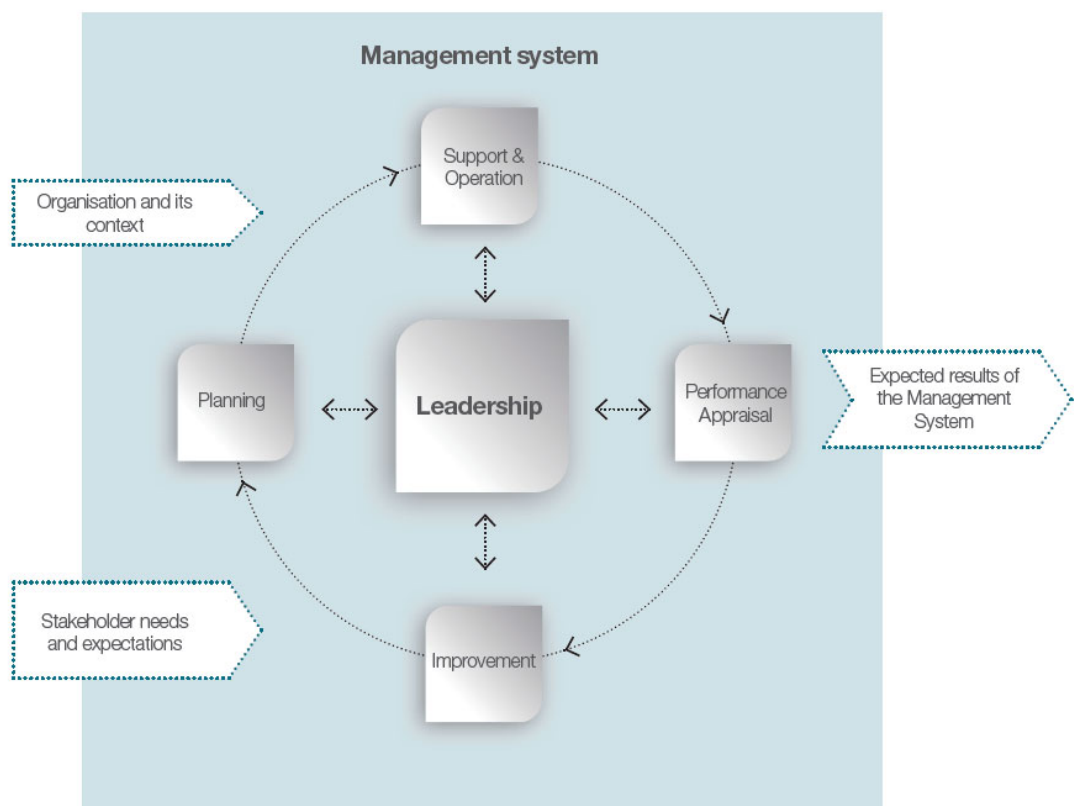
\* Mr. Alberto López Prior (Global Resources & Operations Director) is the secretary of the NRC as from 31/12/2019

# Management Systems

The Cellnex organisational model is underpinned by the Management Systems which provide the framework for a systematic approach to processes, ensuring they are effective. It also allows a procedure to be established to guarantee the quality of the services provided and to ensure that the activity is carried out in compliance with standards on the environment, health and safety at work and information security as well as current legislation.

To ensure that the companies recently incorporated can adapt to this Management System, common guidelines have been set out on quality, prevention and sustainability, in addition to a self-evaluation method that allows each company to easily and quickly assess the level of development of their Management System.

The Management System approach is based on the iterative Plan-Do-Check-Act (PDCA) method to achieve ongoing improvement.



In 2019 Cellnex Telecom globally implemented the Information Security Management System which has been certified according to ISO 27001. This is the first global certification process as a Cellnex group whose scope covers the corporate areas and business units in Spain, Italy, Switzerland, France, the Netherlands and the United Kingdom.

Governance Model

This certification evidences our commitment to Information Security, ensuring the protection of information in all our processes and services, minimising risks and responding to the expectations of our stakeholders in this area.

Cellnex has again measured and obtained independent third-party confirmation of its carbon footprint in accordance with the Standard ISO 14064-1 *Greenhouse gases. Part 1: Specification with guidance, at organisation level, for quantifying and reporting emissions and removal of greenhouse gases*. This year, in addition to calculating the carbon footprint of Spain, Italy and France, it has been calculated that of Cellnex Netherlands, Cellnex Switzerland and Cellnex UK.

Cellnex is also implementing a Corporate Social Responsibility Management System based on the requirements of the international SA8000 standard, with the purpose of achieving its future certification.

As a driver of the Integrated Management System and in its commitment to quality and excellence, Cellnex Spain holds the following certifications, issued by TÜV Rheinland, apart from those certified at Group level:

INFORMATION SECURITY  
MANAGEMENT SYSTEM

Globally implemented and certified according to ISO 27001

- ISO 9001 Standard for a Quality Management System
- ISO 14001 Standard for an Environmental Management System
- We implemented and certified ISO 45001 Standard of the System Occupational Health and Safety Management, which replace the old OSHAS 18001.
- At the same time, we passed the legal audit of the Labour Risk Prevention (Law 31/1995 154/2003)
- As part of its effort to continue improving, Cellnex Spain has set the objective of reinforcing its Management System with the ISO 50001 (Energy) and ISO 20000 Standard for Service Management.

Internal and external audits are an essential component of the Management System and are therefore performed annually to check compliance with the requirements of the reference standards and to take the measures required to correct any deviations found.

In 2019, Cellnex Italia further developed its Management Systems, obtaining the following certifications issued by DNV GL, apart from those certified at Group level:

- ISO 9001 Standard for a Quality Management System
- SA8000 Standard for Social Responsibility
- ISO 45001 Standard for an Occupational Health and Safety Management System
- In addition, Cellnex Italy it has implemented and integrated into its Integrated Management System the requirements of ISO 14001, being certified in December 2019.
- In 2019, Cellnex Netherlands has renewed the ISO 9001 and ISO 27001 certifications for its subsidiary Alticom, apart from those certified at Group level.

# Ethics and compliance

## The Ethics and Compliance Committee

The Ethics and Compliance Committee of the Cellnex Group represents the highest body in charge of ensuring the respect for business ethics and integrity and guaranteeing the compliance with the imperative and voluntary regulations that are applicable to the Group and in whose epicentre is the Code of Ethics. Thus, this Committee is the advisory and management body, as well as the executive body, of all matters related to the Cellnex Group's Code of Ethics.

Likewise, the Ethics and Compliance Committee, as the body responsible for criminal compliance, is in charge of identifying the criminal risks specific to the Cellnex Group, and establishing controls and measures to mitigate these risks through the dynamic management of the system of Prevention and Detection of Crimes.

The current composition of the Ethics and Compliance Committee is as follows:

- Jose M<sup>a</sup> Miralles (President) - General Counsel – Legal & Regulatory affairs.
- Toni Brunet - Corporate & Public Affairs Director
- Alberto López - Resources & Operations Director
- Sergi Martínez (Secretary) - Head of Internal Audit & Risk Control

In order to ensure the independence of Ethics and Compliance Committee of the Cellnex Group, it maintains its functional and organic dependence on the Appointments and Remuneration Committee of the Board of Directors of Cellnex Telecom, S.A.

Following this approach, the Ethics and Compliance Committee regularly reports its activities and initiatives directly to the Appointments and Remuneration Committee. It should be underlined that compliance management is currently centralised in Cellnex Telecom, S.A. However, the rules provide that local Ethics and Compliance Committees may be set up in each of the countries where Cellnex is present should this prove necessary.

The Ethics and Compliance Committee, while paying attention to all aspects related to the Code of Ethics and other related internal regulation, is strengthening the Compliance function in line with the new concept of "corporate integrity". For this purpose, an internal structure has been created under the General Counsel- Legal & Regulatory affairs and aims to promote all aspects related to Compliance.



## Main responsibilities of Cellnex's Ethics and Compliance Committee

### Compliance with the Code of Ethics and development of internal regulations

Cellnex's Code of Ethics, approved in 2015 by the Board of Directors of Cellnex Telecom, S.A., is the fundamental rulebook of the Cellnex Group and its aims are:

- To establish general guidelines for action and behaviour.
- To define an ethical framework of reference, which must be complied with and which should govern the working and professional behaviour of those subject to it.
- To create a set of rules of conduct for those stakeholders that come into contact with any of the Group companies.
- To establish a regulation for the prevention of corruption in order to implement the guidelines to be followed in the fight against corruption.

According to the Cellnex Group Code of Ethics, guiding principles of the Cellnex Group are the following:

- We base our activity on the ethical principles of integrity, honesty, and transparency, always maintaining a conduct based on the good faith.
- We seek and commit to protect and respect those basic human rights universally accepted.
- We comply with all applicable legislation in the countries in which the Cellnex Group operates as well as with the Cellnex Group's internal regulations.
- Ethical conduct and compliance with rules take precedence over the Cellnex Group's results.
- The applicable legislation shall prevail whenever there is a conflict between the latter and the internal regulations which apply to the Cellnex Group.
- We avoid any personal situations involving the People Subject to this Code directly or indirectly clashing with the interests of any of the Cellnex Group's companies.
- We handle information with the utmost care.
- We use and protect the company's assets in an appropriate manner and we believe that people are the most important asset.
- We ensure equal opportunities and we do not discriminate against the People Subject to this Code.
- We guarantee freedom from reprisal for anyone who submits a query/notification regarding non-compliance with the Cellnex Group Code of Ethics and its implementing regulations, whenever the aforesaid are made in good faith.
- We protect the environment.

Governance Model

- We encourage political neutrality.

In 2019, various actions related to the Code of Ethics have been carried out. Among others, the Code of Ethics has been updated in order to bring them into line with the current regulations. Additionally, the Social Corporate Responsibility (CSR) Policy and the Ethical Channel have also been updated.

Likewise, in 2019 the Ethics and Compliance Committee continued to advance on disseminating and communicating the Group's Code of Ethics through various actions according to the geographical area concerned:

- In 2019 information on compliance was updated on the Group's website and intranet.
- During 2019, the training actions initiated in the Group in 2018 in relation to the Code of Ethics and other related internal regulations continued. In 2019, training was given to 80% of the staff in Cellnex Spain, 91% of the staff in Cellnex Italy, 26% of the staff in Cellnex France, 54% of the staff in Cellnex Switzerland, 33% of the staff in Cellnex Netherlands and 77% of the staff in Cellnex UK.
- In the near future, a slight update of the course materials is expected. This training will be given to all employees of the Group. For subsidiaries located in Ireland, which have recently joined the Group, training actions are expected to begin in 2020. Regarding new employees, in addition to providing the appropriate training on the Code of Ethics, through the signing of their employment contract they undertake to respect the Group's Code of Ethics in all its content.
- In addition, taking advantage of the launch of the new intranet at Group level, the training relating to the Code of Ethics has been incorporated into it. In this way, training is always available to all Group employees. Given the importance of training in the area of compliance, it is planned to encourage this aspect and to distribute it more widely via the intranet.
- The Cellnex Group's General Conditions include in its provisions a clause referred to the Group's Code of Ethics in order to require suppliers to declare knowledge and full compliance with the contents of the Code of Ethics. Additionally, it is also compulsory for suppliers to inform their employees and, if applicable, their subcontractors of the existence and content of the Code of Ethics and to ensure that they comply with it. Moreover, such clause has also been included in the employment contracts of all the new hires of the Group.
- The Cellnex Group Code of Ethics has created an information channel, called the Ethical Channel and managed by the Ethics and Compliance Committee of the Group., to confidentially notify any potentially significant irregularities detected within Cellnex Group companies.

## Ethical Channel

By using the Ethical Channel, all affected individuals and stakeholders can:

- Request clarification about the interpretation of the Code of Ethics, its implementing regulations, and all applicable legislation and internal rules.
- Report any conducts that may imply non-compliance of the Code of Ethics, of internal rules or, in general, of the legislation in force applicable to the Cellnex Group.

The Ethical Channel is easily accessible through the following channels:

- The Cellnex Group's intranet. An interactive form is available to facilitate communications. It provides an effective and confidential way to send communications and notifications directly to the Committee via e-mail without the need to print them on paper.
- E-mail: [canal.etico@cellnextelecom.com](mailto:canal.etico@cellnextelecom.com). A form is available on the website to facilitate communications.
- By post addressed to the President of the Ethics and Compliance Committee.
- New site for the Ethical Channel on the corporate website (<https://www.cellnextelecom.com/en/ethical-channel/>).

Three notifications alleging breaches of the Cellnex Group Code of Ethics were received during 2019 through the Group's Ethical Channel, however all of these have been dismissed since the alleged not constitute a breach of the Code of Ethics. None of the notifications received were related to human rights violations or cases of corruption.

## System of Prevention and Detection of Crimes and Prevention of Corruption Procedure

Cellnex has implemented a system of Prevention and Detection of Crimes. The system consists of a general and specific protocol which includes the appropriate surveillance and control measures to prevent crimes or significantly minimise them. This system is reviewed periodically and thus in 2019 and independent third party (PwC) updated and verified the current system. The Cellnex Group's internal policies and procedures will be updated as part of this process of verification. It is expected that the independent third party will evaluate its effectiveness and issue a report containing its conclusions on the matter. This report is expected to be issued by 2020. Moreover, one of the main objectives for 2020 is to obtain the UNE-19601 Certification of Criminal Compliance Management Systems.

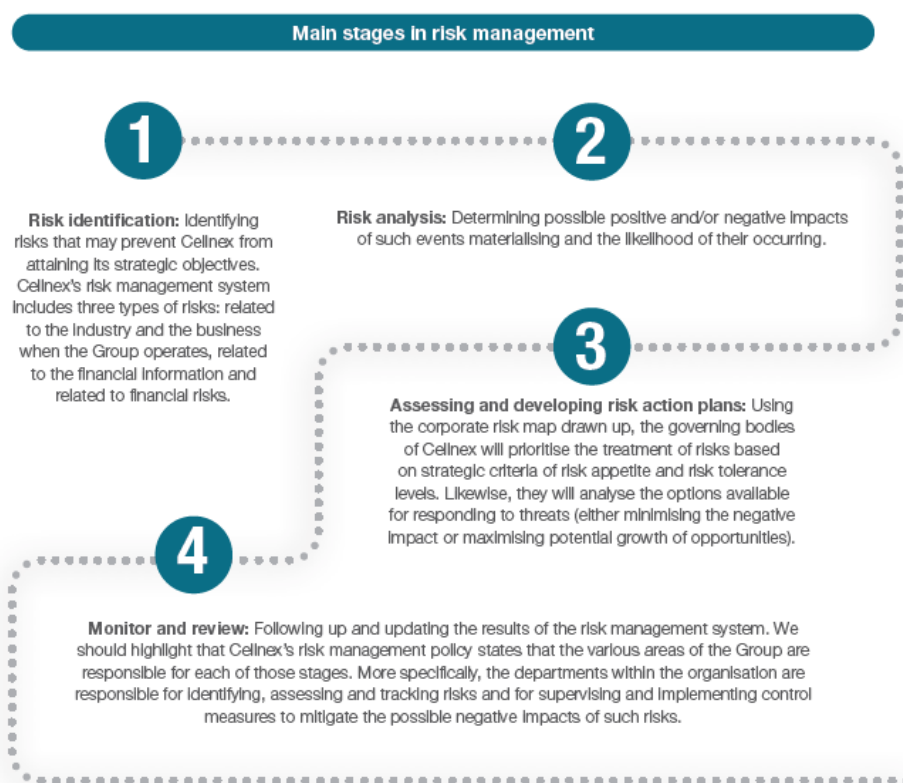
Likewise, Cellnex has implemented a corruption prevention procedure, which aims to develop patterns of behaviour to combat corruption. This procedure applies to all employees, directors and stakeholders. In 2019, the independent third party (PwC) initiated a forensic analysis of several suppliers of the Cellnex group. This analysis aims to verify whether the controls implemented by Cellnex in its relations with third parties reasonably and sufficiently mitigate the risks envisaged in the Group's corruption prevention procedure. Once the Forensic analysis has been completed, the independent third party (PwC) will issue a report with its conclusions in this respect. This report is expected to be issued in 2020.

## New site

for the Ethical Channel on  
the corporate website

# Risk management

The Cellnex risk management model is formalised in a risk management policy approved and overseen by the Audit and Control Committee. This model is embodied in a comprehensive risk management system that allows risks to be managed in a logical and structured way while facilitating effective and efficient decision-making. The main stages in risk management include: risk identification, risk analysis, assessing and developing risk action plans and monitor and review.



Cellnex's integrated risk management model involves the Steering Committee developing and monitoring a risk map while the Audit and Control Committee oversees its development. In 2019, the Board of Directors examined all the Risk Maps. When a new company joins the group, there is a prudential period of consolidation from which time the risks are analysed, and the Code of Ethics disseminated.

It is important to note here that in 2019 a risk map in Corporate adopting the Cellnex Group risk management model was defined and a Risk Map and Action Plan set out using the same typology and methodology as the rest of the Group. At the end of 2019, Cellnex's Board of Directors approved the implementation of the "three lines of defense" risk model and the consequent creation of a Risk Committee. Both the Model and the functioning of the Committee will be fully operational by 2020". Likewise, maintaining the objective of homogenising risk management, there is a single risk map by geographical area. In Ireland, which recently joined the Group, the risk map is expected to be deployed in 2020. In this regard, we should underline that the management team and the governing bodies of Cellnex are aware that creating value for the organisation is directly linked to managing risks that may jeopardise the sustainability of its strategy.

The main risks that may affect the achievement of the Group's objectives are:

<p><b>Strategic risks</b></p>	<ul style="list-style-type: none"> <li>I) Risks related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.</li> <li>II) Risks of increasing competition.</li> <li>III) The Group's status as a "significant market power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors.</li> <li>IV) Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fiber, edge computing and small cells.</li> <li>V) Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products.</li> <li>VI) Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers.</li> <li>VII) Risk of infrastructure sharing.</li> <li>VIII) Risk of non-execution the entire committed perimeter.</li> <li>IX) The expansion or development of the Group's businesses, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations.</li> <li>X) Risks inherent to the businesses acquired and the Group's international expansion.</li> <li>XI) Risk related to the non-control of certain subsidiaries.</li> <li>XII) Risks related to execution of Cellnex's acquisition strategy.</li> <li>XIII) Risks related to the Arqiva Acquisition: the Arqiva Acquisition may fail to close if certain conditions precedent are not met.</li> <li>XIV) Regulatory and other similar risks.</li> <li>XV) Litigation.</li> <li>XVI) Risk related to the Company's significant shareholder's interests may differ from those of the Company.</li> </ul>
<p><b>Operational risks</b></p>	<ul style="list-style-type: none"> <li>XVII) Risks related to the industry and the business in which the Group operates.</li> <li>XVIII) Risk of not developing the strategic sustainability plan.</li> <li>XIX) Risks related to maintaining the rights over land where the Group's infrastructures are located.</li> <li>XIX) Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business.</li> <li>XXI) The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services.</li> </ul>
<p><b>Financial risks</b></p>	<ul style="list-style-type: none"> <li>XXII) Financial information.</li> <li>XXIII) Expected contracted revenue (backlog).</li> <li>XXIV) Foreign currency risks.</li> <li>XXV) Interest rate risk.</li> <li>XXVI) Credit risk.</li> <li>XXVII) Liquidity risks.</li> <li>XXVIII) Inflation risk.</li> <li>XXIX) Risk related to the Group's indebtedness.</li> <li>XXX) The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so).</li> </ul>
<p><b>Compliance risks</b></p>	<ul style="list-style-type: none"> <li>XXXI) Fraud and compliance risks.</li> <li>XXXII) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses.</li> </ul>

See Annex 2 for detail of risks.



# Cellnex's Corporate Social Responsibility framework

Cellnex's key objective is to generate sustained value in the short, medium and long term, through responsible management of the business, incorporating the interests and expectations of the company's stakeholders.

Cellnex has a Corporate Social Responsibility (CSR) policy that the Board of Directors approved in 2016 which sets out Cellnex's CSR strategy and commitment to best practices in the countries in which it operates, on the basis of international reference standards. In 2019 was updated CSR policy to introduce SA8000 standard.

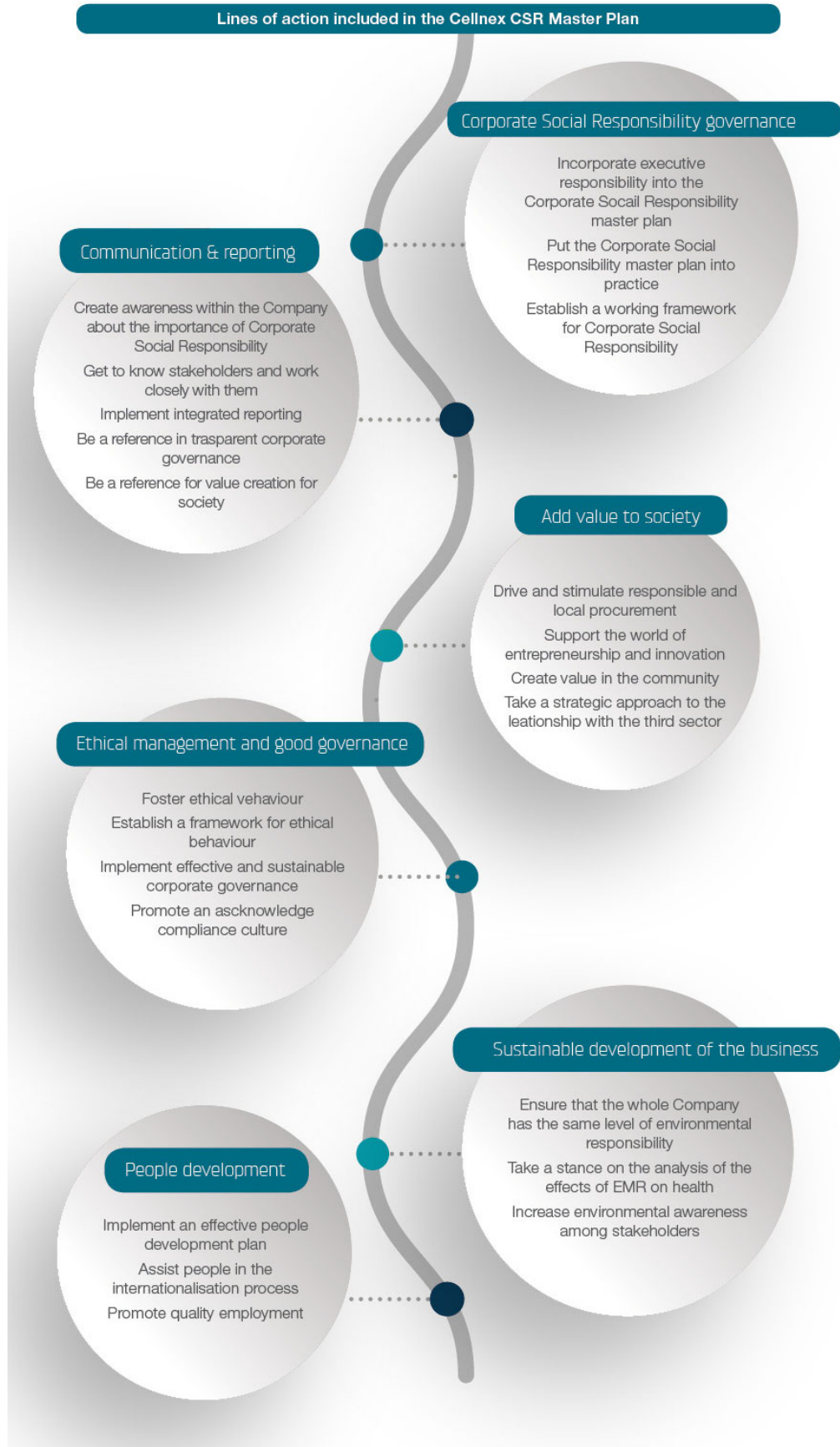
This commitment is set forth in the company's 2016-2020 CSR Master Plan, which constitutes the reference framework and the tool for systematising the strategic objectives, monitoring indicators and the actions and programmes under way for each of the axes of the Plan.

## New CSR Master Plan

In 2020, CSR Master Plan 2016-2020 will be revised to evaluate lessons learned and best practices, which will help us to consolidate the actions implemented and identify improvement actions for the next plan.

Taking into account feedback from the previous plan and current CSR demands, the new CSR Master Plan will be developed in 2020 This will represent a unique chance to update Cellnex CSR strategy, taking into account changes in our business perimeter as well as the internationalisation process.

LINES OF ACTION INCLUDED IN THE CELLNEX CSR MASTER PLAN



## Governance Model

With the 2016-2020 CSR Plan, Cellnex aims to create an instrument bringing together all the company's ethical, environmental and social initiatives. Furthermore, it sets out a long-term vision, establishing commitments in accordance with internationally recognised standards that place it on the same level as the major infrastructure companies operating in Europe, specifically in the telecommunications sector. This plan also aims to improve two-way dialogue between Cellnex and all stakeholders, especially the company's staff, customers, suppliers and contractors, administrations, shareholders, the community and partners in shared projects.

In 2017, Cellnex Telecom drafted a declaration on slavery and trafficking in human beings (currently available on its corporate website), in response to the United Kingdom Modern Slavery Law, which condemns any practice of labour exploitation and pledges to prevent it both in its activity and its supply chain. This commitment is developed through the Group's Corporate Responsibility Policy, which sets basic guidelines and lines of action in this area. The declaration on slavery and trafficking in human beings is updated annually. Likewise, Cellnex's Code of Ethics expresses its commitment to complying with human rights and expresses its total rejection of child labour and forced or compulsory labour and undertakes to respect freedom of association and collective bargaining.

During 2018, Cellnex has drawn up its Human Rights Policy applicable to the entire organisation which establishes that Cellnex is committed to protecting and respecting the Human Rights. In the supply chain, Cellnex evaluates its most critical suppliers in terms of human rights on an annual basis. Furthermore, in 2017, Cellnex drafted a Purchasing Policy under which its suppliers undertake to protect and respect human rights and to be familiar with the Code of Ethics and circulate it among their employees and subcontractors.

In 2019, the company carried out an internal audit as part of the process to obtain SA8000 certification.

The company is committed to the application of best practices in the countries in which it operates and based on international reference standards. For this reason, CSR criteria have been introduced in Due Diligence. In this way, Cellnex requires knowledge of the CSR policies and practices of the companies with which it works or will work.

In addition, the company's senior managers are committed to the corporate social responsibility through specific ESG-related objectives. Specifically, this year an objective was set for this group which consists of evaluating and monitoring the efforts made by the Group in the area of ESG (Environment, Social and Governance), based on a combination of the general score obtained in a selection of ESG indexes in which Cellnex Telecom participates



## CSR Master Plan 2016-2020 and degree of progress

In 2019 great efforts were made to implement the various goals and actions included in the Master Plan. The degree of implementation of these is shown below:

### CSR 2016-2020 MASTER PLAN

Action Areas	No. Action lines	No. Lines under development	No. of actions	Attainment of the different actions
Ethical management and good governance	5	100%	21	90%
People development	6	100%	9	89%
Sustainable development of the business	9	100%	17	71%
Adding value to society	5	80%	9	89%
Communication and reporting	10	80%	13	85%
Governance of Corporate Responsibility	3	100%	13	92%
<b>TOTAL</b>	<b>38</b>	<b>93%</b>	<b>82</b>	<b>86%</b>

### Degree of progress of the Plan. Performance lines and goals started



## MAIN ACTIONS IMPLEMENTED IN 2019 / KEY FUTURE ACTIONS TO BE IMPLEMENTED IN 2020

Main actions implemented in 2019	Key future actions to be implemented in 2020
<b>Ethical management and good governance</b>	
Creation of an ethical channel on the web, more participatory and for all stakeholders	
<b>People development</b>	
Continue to measure staff satisfaction through work climate surveys.	Annalise the possibility of consolidating the work-life balance programme through the certification of Cellnex as a Family-Responsible Company (EFR).
<b>Sustainable development of the business</b>	
Incorporate environmental criteria in Due Diligence processes prior to a merger, acquisition or joint venture operation.	To implement a Plan for the protection of the environment and biodiversity for application in the natural spaces in which Cellnex operates.
	Design an environmental course adapted to professional categories and functional areas.
<b>Adding value to society</b>	
Attend dialogue tables with CR experts.	
Carry out actions to economically involve employees in the company's social action and encourage their participation.	
Continue corporate volunteering and define a volunteering approach and program that encourages and facilitates employee participation in initiatives.	
To conduct a study on the convenience of having a Cellnex foundation that articulates social action and the sponsorships and donations carried out by the Company.	
<b>Communication and reporting</b>	
To make CR and the creation of shared value the core of senior management discourse, defining the key messages related to impact management that must be transferred to the corporate level.	To design the necessary methodology to identify the concerns of the different interest groups. Detect relevant actions for the different interest groups and assume commitments with them.
Publish a periodic internal report based on the financial indicators reported by the areas.	
<b>CSR governance</b>	
Define common Corporate Responsibility requirements for all companies in the group.	



# Contribution to Sustainable Development Goals

Cellnex is committed to achieving the Sustainable Development Goals, a UN initiative that aims to eradicate poverty, protect the planet and ensure the prosperity of humanity as part of a new sustainable development agenda. Achieving the SDGs requires the involvement of the entire business sector to contribute through their creativity and innovation to solving the most pressing challenges facing humanity. Through its activity, Cellnex specifically contributes to the following objectives:

## Key indicators



- Increase of some 24,000 assets in the current portfolio in the seven European countries in which the company is present.
- 1,8 MN in R&D+I investment projects.



- Approval of the Strategic Sustainability Plan (2019-2023).
- Adherence to Science Based Target (SBT) initiative and Business Ambition for 1.5°C commitment.
- Joining to the 'A List' of companies leading the fight against climate change by CDP.



- Approval of the Equity, Diversity and Inclusion Policy by the Board of Directors
- Adherence to the "Charter of Diversity" of Cellnex Spain



- Cellnex Telecom, recognized as "Supplier Engagement Leader" by CDP
- Joining to the MSCI Europe index
- Renewing the Agreement with the 3rd sector entities.
- Collaborating on the execution of the Llar Casa Bloc Project promoted by HÁBITAT3.



- Launch of Cellnex program of social projects and volunteering.



- Contribution to the economic development of the territories by paying 169.1 MN in taxes.