

SPANISH NATIONAL SECURITIES MARKET COMMISSION (CNMV)

FAO the Director General for Markets

Barcelona, 18 April 2017

Ref: CNMV requisition Dispatch record no. 2017034938

We are writing in reference to your requisition dated 23 March 2017, in regard to the annual report on remunerations (“**IAR**”) of Cellnex Telecom, S.A. (“**Cellnex**” or the “**Company**”) for the 2016 financial year, specifically regarding Sections A4 and A5.

In order to fulfil this requisition, please find the following information:

- (i) Information on Section A4 relative to variable annual remuneration: A part of the remuneration of the CEO is variable, accrued annually, and its main features are:
 - (a) It aims to enhance the CEO’s commitment to Cellnex and motivate his/her performance.
 - (b) The Board of Directors set the amount of the CEO’s variable remuneration for the 2016 financial year at three hundred thousand euros, which corresponds to 50 percent of his/her fixed remuneration, in accordance with the provisions of the Cellnex remunerations policy and following common practice in the Spanish market for offices of similar responsibility.
 - (c) The accrual of the variable remuneration is linked to achieving certain annual financial and operating targets of the Cellnex Group. These targets are approved by the Board of Directors at the proposal of the Appointments and Remuneration Committee at the beginning of each calendar year. The indicators, with corresponding weightings, for the 2016 financial year

are as follow: Recurring levered free cash flow (30%), PoPs - Telecom Site Rental - (15%), Growth projects (30%) and Transformation plan (25%).

- (d) The evaluation criterion is the percentage of achievement of these targets in comparison with the budget set by the Company at the start of the year.
 - (e) The achievement of the annual variable remuneration is approved by the Board of Directors of the Company at the proposal of the Appointments and Remuneration Committee, based on the assessment of the degree of achievement of the targets set, once the annual accounts for the year in question have been closed and audited. The scale of achievement of each target is between 0 percent and 100 percent, and a correction factor of 0.75-1.25 may be applied according to the CEO's personal contribution. This factor is proposed by the Appointments and Remuneration Committee and is approved by the Board of Directors.
 - (f) Payment is in cash, although it may be agreed to substitute all or part thereof with a corporate contribution to the improvement of social welfare.
- (ii) Information on Section A5 relative to long-term savings schemes: The contingencies covered by the *Plan de Previsión de Aportación Definida* (defined contribution pension scheme) are:
- (a) Survival at the age of 65 or the legal retirement age.
 - (b) Death.
 - (c) Total permanent disability for the habitual profession, absolute disability for all types of work and serious invalidity.
 - (d) Long-term unemployment: the interested party shall have the right to receive the full amount of the mathematical provision made in their favour in the *Plan de Previsión de Aportación Definida* (defined contribution pension scheme) when after ceasing to provide his/her services, he/she, over an entire calendar year, does not receive any earned income as defined in the regulations on Personal Income Tax.

In the event that the CEO were to sever links with the Company prior to the occurrence of any of the contingencies provided for in the pension scheme, the CEO will

consolidate the rights relating to the contributions made to date, except in the following cases:

- (a) In the event that, at any time during the twelve months after ceasing to provide his/her services as CEO —for reasons other than the occurrence of the contingencies and without having received the benefit for survival—, he/she were to breach his/her obligation not to compete, as regulated in his/her commercial contract.
- (b) In the event of ceasing to provide his/her services due to the transgression of contractual good faith.
- (c) In the case of ceasing to provide his/her services due to a breach of trust in the performance thereof.

As explained in Section A7 of the IAR, the CEO is entitled to compensation in the event of the termination of the contractual relationship prior to its agreed expiry date in the event of: (i) serious breach by the Company of the obligations included in the contract; (ii) substantial unconsented modification of his/her functions; (iii) change of control of the Company in the sense envisaged in Article 42 of the Code of Commerce; or (iv) termination or non-renewal of the office of Director he/she holds. In these cases the CEO is entitled, as compensation, to receive two annuities of fixed and variable remuneration (accrued during the last year prior to the termination of the contract).

In addition, in the CEO's contract for the provision of services there is a post-contractual non-competition Agreement whereby during the year following the date of termination of the contract, he/she cannot compete with the Company through the provision of services, directly or indirectly, either as an employee or self-employed, by him/herself or via an intermediary, to companies or to any other entity with "activities concurrent with those of the Company". This agreement is offset by a compensatory financial consideration of one annuity of the fixed remuneration of the CEO.

This compensation is compatible with the contingencies covered by the *Plan de Previsión de Aportación Definida* (defined contribution pension scheme).

We trust we have duly responded to your requisition. In any case, we remain at your disposal should you require any further clarifications.

Yours faithfully,

Signed: Javier Martí de Vesés Estades
General Secretary and Secretary to the Board of Directors