

**APPENDIX I FORM  
ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED  
COMPANIES**

**ISSUER IDENTIFICATION**

FINANCIAL YEAR END 2016

TAX IDENTIFICATION Nº [C.I.F.]A64907306

Company Name:

CELLNEX TELECOM, S.A.

Registered Office:

AV. PARC LOGISTIC, 12-20 BARCELONA

**A COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR**

A.1 Explain the company's remuneration policy. Information regarding the following will be included in this section:

- general principles and fundamentals of the remuneration policy;
- most significant changes made to the remuneration policy with regard to the policy applied during the previous financial year, as well as any amendments made during the financial year to the terms used for exercising options already granted;
- criteria employed and makeup of the groups of comparable companies whose remuneration policies have been analysed to establish the company's remuneration policy.
- relative significance of the variable remuneration items versus fixed ones and criteria followed to determine the various components of the directors' remuneration package (*remuneration mix*).

**Explain the remuneration policy**

The principles and criteria of the remuneration policy for Directors are reviewed periodically, as part of its responsibilities, by the Nomination and Remuneration Committee and the Board of Directors, in order to keep the company's remuneration policy in line with market trends.

Remuneration policy for Directors in their capacity as such

The remuneration of Directors for performing the duties of supervision and collective decision making is based on the following general principles:

- the remuneration must be sufficient and appropriate to the dedication, qualification and responsibilities of Directors; however, this remuneration cannot end up compromising the independent judgment of Directors (in particular, with regard to independent Directors, as detailed in the Board Regulations);
- the remuneration must be appropriate to attract and retain talent;
- the remuneration must be competitive, which is achieved by establishing a remuneration package in line with market benchmarks, considering comparable sectors and companies.

In accordance with the provisions of the Company Bylaws and the Board Regulations, the remuneration of Directors consists of annual fixed remuneration.

The annual remuneration of the members of the Cellnex Board of Directors has been increased on a yearly basis by an average of 15%, with effect from 01 April 2016.

Remuneration policy for Directors for performing executive duties.

Furthermore, the remuneration of Directors for performing executive duties is based on the following general principles:

- ensuring that the remuneration package – based on its structure and overall amount – is competitive with regard to comparable organisations at national and international level, in order to be able to thus attract, retain and motivate the most outstanding professionals, so the company may achieve its strategic objectives within the increasingly competitive and internationalised context in which it engages in its business;
- maintaining annual variable remuneration linked to individual performance and the overall evolution of the company and the group;
- encouraging the creation of value steadily over time. To do this, the remuneration includes long-term variable components that promote the achievement of objectives steadily over time, as well as the retention of key employees.

The remuneration policy for directors for performing executive duties includes the following elements, among others: (i) fixed remuneration, the purpose of which is to compensate the level of responsibility and performance, and that must be competitive with regard to that applied in comparable organisations; (ii) an annual variable remuneration linked to the achievement of pre-determined specific and quantifiable objectives; (iii) a multi-annual variable incentive, as well as certain supplementary payments in kind; and (iv) care benefits.

The only director who performs executive duties is the company's Chief Executive Officer.

The annual remuneration of the Chief Executive Officer has undergone no change in terms of its structure and composition with regard to the previous financial year, notwithstanding the annual review of amounts and objectives in the case of variable annual remuneration to comply with the principles mentioned in section A.1.

**A.2 Information on preparatory work and decision-making process that has been followed to determine the remuneration policy and the role played, if any, by the Remuneration Committee and other control bodies in setting up the remuneration policy. This information will include, where appropriate, the mandate given to the Remuneration Committee, its composition and the identity of any external advisors whose services have used to define the remuneration policy. The class of directors who, where applicable, have participated in defining the remuneration policy, shall also be stated**

<p><b>Explain the process to determine the remuneration policy</b></p>
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By resolution of the Board of Directors on 17 April 2015, the Nomination and Remuneration Committee was created, whose duties include proposing the Director remuneration policy to the Board of Directors, as well as periodically reviewing remuneration programmes, considering their suitability and returns.

The Nomination and Remuneration Committee is formed of the following members (two independent Directors, of whom one serves as chair of the Committee, and a proprietary Director):

- Giampaolo Zambelletti (chairman)
- Peter Shore (member)
- Josep Maria Coronas Guinart (member)

In the preparatory work and decision-making process followed to define the remuneration policy, the Nomination and Remuneration Committee and the Board of Directors have taken into account the standard practice in the Spanish market and comparable organisations, considering size, characteristics and activity of the company.

Additionally, the Nomination and Remuneration Committee and the Board of Directors have assistance from several recognised remuneration consulting firms, in order to provide market information and advice on designing the company's remuneration policy.

A draft remuneration policy of the Board of Directors drawn up by this body on the proposal of the Nomination and Remuneration Committee will be made available to the General Shareholders' Meeting for voting in a separate agenda item.

**A.3 State the amount and nature of the fixed components, with a breakdown, where appropriate, of the executive directors' remuneration for performing senior management duties, additional remuneration as chairman or member of any Board committee, the per diem allowances for participating in the Board and its committees or other fixed remuneration for the directorship, as well as an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters to which they are granted.**

<b>Explain the fixed components of the remuneration</b>
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The total annual maximum remuneration to be received by all members of the Board of Directors in their capacity as such, as established in the Remuneration Policy, may not exceed €1,500,000. On 18 February 2016, the Board of Directors agreed the distribution of the remuneration, with effect from 01 April 2016, in the following manner:

Chair of the Board	€120,000 /year
Directors chairing committees	€120,000 /year
Directors members of committees	€100,000 /year
Other Board members	€70,000 /year

Directors receive exclusively the remuneration linked to the greatest position of responsibility they hold.

Directors do not receive sitting fees for attending Board/Committees meetings.

Additionally, as Director with executive duties, the Chief Executive Officer receives fixed remuneration for performing his senior management duties, by virtue of the commercial contract he signed with the company.

The fixed remuneration is determined taking into account the content of the executive duties associated with the position and the market information from comparable companies.

During FY 2016, the Chief Executive Officer's fixed remuneration for the exercising of his senior management duties totalled €600,000.

#### A.4 Explain the amount, nature and main characteristics of the variable items of the remuneration system.

Namely:

- identify each of the remuneration plans of which the directors are beneficiaries, their scope, their date of approval, date of implementation, dates of effectiveness, as well as their main characteristics. In the case of share option plans and other financial instrument , the general characteristics of the plan will include information on the conditions for exercising these options or financial instruments for each plan;
- state any remuneration made under profit-sharing or bonus schemes, and the reason why they were granted;
- explain the basic parameters and grounds for any annual bonus scheme.
- The classes of directors (executive directors, non-executive proprietary directors, non-executive independent directors or other affiliate directors) who are beneficiaries of remuneration systems or plans that include a variable remuneration;
- the rationale for these variable remuneration systems or plans, the performance evaluation criteria chosen, as well as the components and evaluation methods to determine whether these evaluation criteria have been met or not ,and an estimate of the absolute amount of variable remuneration to which the proposed remuneration plan would give rise, according to the level of compliance with the hypotheses or targets taken as a reference;
- where appropriate, information will be provided about any deferred payment periods that have been established and/or holdback periods for shares or other financial instruments, if any.

<b>Explain the variable items of the remuneration systems</b>
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Of all members of the Board, only the Chief Executive Officer is the beneficiary of remuneration systems or plans that include variable remuneration.

i) Annual variable remuneration:

A part of the Chief Executive Officer's remuneration is variable, in order to strengthen his commitment to Cellnex and motivate his performance.

The amount of the Chief Executive Officer's annual variable remuneration is established as a percentage of his fixed remuneration according to the achievement of a series of annual objectives, both quantitative and qualitative, which are set by the Nomination and Remuneration Committee at the beginning of each calendar year, taking into consideration the strategic objectives of the Cellnex Group.

The expected variable remuneration of the Chief Executive Officer is 50% of his fixed remuneration, while the achievement of each objective may be evaluated between 0% and 125%.

The percentage of variable remuneration is set by the Board of Directors, in accordance with standard practice in the Spanish market for positions of similar responsibility.

The achievement of the annual objectives established is determined by the Board of Administration subject to a report from the Nomination and Remuneration Committee.

ii) Long-term variable remuneration:

Prior to the flotation, and as part of the remuneration policy, on 10 April 2015 the company's then sole shareholder approved the extraordinary and non-recurring implementation of a long-term incentive plan (LTI) in order to retain key company employees and encourage the creation of value for shareholders steadily over time. The LTI evaluation period runs from May 2015 to 31 December 2017. Payment, where appropriate, will take place once the Group's annual accounts for the financial year 2017 have been approved. The Chief Executive Officer, senior management and some key employees of the Cellnex Group are the beneficiaries of this plan.

The Chief Executive Officer's expected variable remuneration for this item is three years his annual fixed remuneration.

The objectives included in this long-term remuneration system for the **Chief Executive Officer**<sup>1</sup>, with a 50% weight for each one, are the following:

- The accumulated appreciation of the Cellnex share calculated between the initial starting price of the IPO and the average price in the last quarter of 2107, weighted by the volume ("vwap"), following a scale of achievement.
- Achievement of the EBITDA adjusted according to the market consensus and on a like-for-like basis of consolidation, following a scale of achievement.

**A.5 Explain the main characteristics of the long-term savings systems, including retirement and any other survivor benefit, partly or wholly financed by the company, whether endowed internally or externally, with an estimate of their value or equivalent annual cost, stating the type of plan, whether it is a defined contribution or benefit type, the conditions for the vesting of economic rights in favour of the directors and their compatibility with any other type of severance payment for early cancellation or termination of the contractual relationship between the company and the director.**

Also state the contributions in favour of the director to defined contribution pension schemes, or the increase in the director's vested rights, in case of contributions to defined benefit plans.

<b>Explain the long-term saving systems</b>
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Only the Chief Executive Officer is the beneficiary of a defined contribution pension plan, set up by means of a collective insurance policy.

In the event that the executive leaves the company prior to when any of the benefits envisaged in the pension plan becomes due, the Chief Executive Officer will vest all the rights regarding the contributions made up to that point, unless at any time during the year following the cessation of his services as CEO, he breaches the post-contractual clause regulated in his contract on provision of services to the policyholder.

The annual contribution for 2016 was €150,000.

A.6 State any indemnity payments that are agreed or paid in the event of termination of duties as a director.

<b>Explain the indemnity payment</b>
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No indemnity payments were agreed or paid for this item during the financial year 2016, except as described in section A7.

A.7 State the conditions that must be respected in the contracts of those who perform senior management duties as executive directors. Among other things, information will be provided regarding the duration, limits to indemnity amounts, tenure clauses, notice periods, as well as payment as substitution for the abovementioned periods of notice, and any other clauses regarding contract signing bonuses, as well as severance or golden parachute in case of early termination or cancellation of the contractual relationship between the company and the executive director. Include, among others, covenants or agreements on non-competition, exclusivity, tenure or loyalty and non-competition after termination of a contract.

<b>Explain the terms of the agreements entered into with executive directors</b>
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The main characteristics of the commercial contract between the Company and the Chief Executive Officer are as follows:

- a) Duration: fixed-term, from the signing until 31 December 2024.
- b) Exclusivity: the contract sets out the obligation to provide services to the company exclusively and with full dedication.
- c) Termination: the Chief Executive Officer's contract establishes that it will be terminated automatically in the following cases: (i) resignation or cessation of the Chief Executive Officer in his capacity as such; (ii) non-renewal of his position; and (iii) expiry of the established duration.
- c) Termination benefits: In the event that the contractual relationship is terminated prior to the expiry of the agreed period, the Chief Executive Officer will not have the right to receive any severance payment for the termination of the relationship, except in the following cases: (i) serious breach by the company of the obligations included in the contract; (ii) substantial modification of his duties without consent; (iii) change in control of the company in the sense provided for in Section 42 of the Commercial Code; or (iv) cessation or non-renewal of the director position he holds. In these cases, the Chief Executive Officer shall be entitled to receive a gross compensation equivalent to the fixed and variable remuneration of two years (accrued during the last year prior to the termination of his contract).

d) Post-employment non-competition agreement: in the year following the date when the contract is terminated, the Chief Executive Officer may not compete with the company by means of providing services, directly or indirectly, for his own account or for others, by himself or by proxy, to the company, companies or any other organisation whose purpose is "activities that compete with those of the company". This agreement involves economic remuneration to compensate for an annuity of the fixed remuneration of the Chief Executive Officer.

A.8 Explain any supplementary remuneration paid to the directors as consideration for the services rendered other than those that are inherent in their office.

<b>Explain supplementary remuneration</b>
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There is no supplementary remuneration for services rendered to the company other than those already indicated in this report.

A.9 State any remuneration in the form of advanced payments, loans or guarantees granted, indicating the interest rate, their main characteristics and the amounts ultimately returned, as well as the obligations assumed on their behalf as guarantee.

<b>Explain advanced payments, loans and guarantees granted</b>
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There are no advanced payments or loans granted to directors by the company on account of their status as members of Cellnex's Board.

A.10 Explain the main characteristics of remunerations in kind.

<b>Explain remunerations in kind</b>
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The Chief Executive Officer is beneficiary of a health insurance plan which also covers his family. Additionally, the Chief Executive Officer is the beneficiary of an insurance plan for the coverage of contingencies of survival at the ordinary retirement age, death, total permanent disability, absolute or great disability and long-term unemployment, the Company performing to cover these contingencies an annual contribution consisting of 25% of the annual fixed remuneration of the Chief Executive Officer.

A.11 State the remuneration accrued to the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's service in the company.

<b>Explain the remuneration accrued to the director by virtue of payments made by the listed company to a third party in which the director provides services</b>
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There is no paid remuneration of this nature.

A.12 Any other remuneration item other than the above, regardless of its nature or the group entity that pays it, especially when it is considered a related-party



transaction or its issue distorts the true image of the total remuneration accrued to the director.

#### **Explain other remuneration items**

There are no remuneration items other than those indicated in the above sections.

A.13 Explain the actions taken by the company in relation to the remuneration system to reduce the exposure to excessive risks and adapt it to the long-term objectives, values and interests of the company which will, where appropriate, include a reference to: steps to be taken to guarantee that attention is paid in the remuneration policy to the company's long-term results, measures that establish an appropriate balance between the fixed and variable items of remuneration, measures adopted in relation to the categories of staff whose professional activities have a material impact on the organisation's risk profile, formulas or clauses for recovery in order to be able to claim the return of variable items of the remuneration that are based on profits when these components have been paid on the basis of information later shown clearly to be inaccurate and measures to be taken to avoid conflicts of interest, where appropriate.

#### **Explain the measures taken to reduce risks**

The remuneration policy has been designed considering the company's long-term strategy and results. The medium- and long-term variable remuneration plans implemented by the company and described in section A4 fall within a multi-annual framework, in order to ensure that the evaluation process is based on long-term results and that the company's underlying economic cycle is taken into account.

In addition, the Executive Directors and Senior Management remuneration policy establishes a balance between the fixed and variable components of the remuneration, thus allowing in certain cases of unfulfilment of the established objectives the non-receipt of any amount by way of variable remuneration. Thus, the remuneration components are sufficiently flexible so as to enable the modulation thereof up to the point of it being possible to eliminate them altogether.

In particular, the payment of the Chief Executive Officer's variable remuneration does not take place immediately, but after the annual accounts are drawn up that pertain to the financial year in which the payment thereof takes place. This makes it possible for the company to analyse fulfilment of the objectives with the necessary time lag. Furthermore, if during a six-month period, any circumstances may occur that justify a new assessment or review of the degree of fulfilment of the objectives by the Board of Directors, subject to a report from the Nomination and Remuneration Committee, the company may suspend payment of the amounts pending payment to the Chief Executive Officer for any variable item, as well as, where appropriate, recover the amount paid unduly as a result of the new assessment carried out.

### **C OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE LAST FINANCIAL YEAR**

C.1 Provide a brief explanation of the main characteristics of the remuneration structure and remuneration items of the remuneration policy applied during the last financial year, resulting in the breakdown of the individual

remunerations accrued to each of the directors listed in Section D of the present report, as well as a summary of the resolutions passed by the board to implement these items.

<b>Explain the structure and remuneration items of the remuneration policy applied during the year</b>
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The structure and remuneration items of the remuneration policy applied in the financial year 2016 do not differ from the provisions of section A3 of this report.

The fixed remuneration of the Directors in their capacity as such was distributed by the Board of Directors on 18 February 2016, respecting the annual maximum approved by the General Shareholders' Meeting, in accordance with that set forth in the Corporate By-laws and in the Board of Director's Regulations.

Regarding to the Chief Executive Officer, the company's sole executive director, the remuneration he received was as follows:

Fixed remuneration:

The fixed remuneration of the Chief Executive Officer takes into consideration the criteria of dedication, qualification and responsibility, without the amount in any case compromising his independence in the exercising of his duties. The fixed remuneration for FY 2016 *[is that stated in section A.3 of this report.]*

Variable annual remuneration:

For FY 2016, the amount of variable annual remuneration envisaged for the Chief Executive Officer is 300,000€, with his annual objectives thereof being the following:

QUANTITATIVE ELEMENTS	80%
Recurring levered free cash flow	30%
PoPs (Telecom Site Rental)	15%
Growth projects	30%
Transformation plan	25%
QUALITATIVE ELEMENTS	20%
2016 CEO's Performance	100%

The Nomination and Remuneration Committee has valued the contribution of the CEO to the fulfilment of the strategic obligations of the Group as being 111.24%, establishing his variable remuneration for 2016 at 333,720€, to be paid during the first half of 2017.

Long-term variable remuneration:

The 2015–2017 Long-Term Incentive Plan explained in section A.4 of the present document was implemented during 2015.

Remuneration in kind and deferred remuneration:

During the 2016 financial year, the policy of remuneration in kind has been applied, as defined in the remuneration policy, covering social welfare, life insurance and medical insurance provision systems.

The amount paid by the company in 2016 for these items is:

- Contribution to the collective endowment insurance: 150,000€
- Other remuneration in kind: 13,000€

**D DETAILS OF INDIVIDUAL REMUNERATION ACCRUED TO EACH DIRECTOR**

Name	Type	Accrual period FY2016
FRANCISCO REYNÉS MASSANET	Proprietary	From 01/01/2016 to 31/12/2016
TOBÍAS MARTÍNEZ GIMENO	Executive	From 01/01/2016 to 31/12/2016
FRANCISCO JOSÉ ALJARO NAVARRO	Proprietary	From 01/01/2016 to 31/12/2016
JOSEP MARIA CORONAS GUINART	Proprietary	From 01/01/2016 to 31/12/2016
PIERRE BLAYAU	Independent	From 01/01/2016 to 31/12/2016
GIAMPAOLO ZAMBELETTI ROSSI	Independent	From 01/01/2016 to 31/12/2016
LEONARD PETER SHORE	Independent	From 01/01/2016 to 31/12/2016
BERTRAND BOUDEWIJN KAN	Independent	From 01/01/2016 to 31/12/2016
LUIS DEULOFEU FUGUET	Proprietary	From 01/01/2016 to 31/12/2016

D.1 Complete the following tables regarding the individual remuneration of each director (including the remuneration received for performing executive duties) accrued during the year.

a) Remuneration accrued in the company covered by the present report:

i) Cash remuneration (in K€)

Name/ Type/a ccrual period financi al year t	Sala ry	Fixed remunera tion	Per die ms	Short- term variabl e remun eration	Long- term variable remuner ation	Remuner ation for members hip of Board's committe es	Indemnity	Other ground s	Total FY20 16	Total FY20 15
Francisco Reynés Massan et		120							120	80
Tobías Martíne z Gimeno	600	68		300					968	912
Pierre Blayau		113							113	60
Giampa olo Zambel		113							113	60

etti Rossi										
Lluís Deulofeu Fuguet		68							68	40
Francisco José Aljaro Navarro		97							97	60
José María Coronas Guinart		97							97	60
Bertrand Boudewijn Kan		97							97	60
Leonard Peter Shore		97							97	60

ii) Share-based remuneration systems

iii) Long-term savings systems

Name/Type/total accrual period in financial years	Contribution for the year by the company (K€)		Amount of accumulated funds (K €)	
	FY2016	FY2015	FY 2016	FY 2015
Tobías Martínez Gimeno	150	150	300	150

iv) Other benefits(K €)

	Remuneration in the form of advances, loans granted		
Name/Type	Transaction interest rate	Main description of the transaction	Amounts eventually repaid
Director 1	TOBIÁS MARTÍNEZ GIMENO	n/a	n/a

	Life insurance premiums	Severance or golden parachute clause
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Name/Type			agreed by the company Directors for	
	FY2016	FY2015	FY2016	FY2015
Tobías Martínez Gimeno	11	4	n/a	n/a

**b) Remuneration accrued to the directors of the company for their directorship in other group companies:**

**i) Cash remuneration (K €)**

Name/Type/accrual period financial year	Salary	Fixed remuneration	Per diem	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnity	Other items	Total FY2016	Total FY2015
Director 1 TOBÍAS MARTÍNEZ GIMENO	0	0	0	0	0	0	0	0	0	0

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

**c) Summary of remunerations (K€):**

The summary must include the amounts corresponding to all remuneration items included in the present report that have accrued to each director, in thousands of euros.

In the case of long-term Savings Systems, the contributions or endowments made to this type of system shall be included:

Name/Type	Remuneration accrued in the company				Remuneration accrued in group companies				Totals		
	Total cash remuneration	Amount of shares granted	Gross profit of options exercised	Company total FY2016	Total cash remuneration	Amount of shares granted	Gross profit of options exercised	Group total FY2016	Total FY2016	Total FY2015	Contribution to the savings systems during the year
Francisco Reynés Massanet	120	0	0	120	0	0	0	0	120	80	0

Tobías Martínez Gimeno	968	0	0	968	0	0	0	0	968	912	150
Francisco José Aljaro Navarro	97	0	0	97	0	0	0	0	97	60	0
José Maria Coronas Guinart	97	0	0	97	0	0	0	0	97	60	0
Lluís Deulofeu Fuget	68	0	0	68	0	0	0	0	68	40	0
Pierre Blayau	113	0	0	113	0	0	0	0	113	60	0
Peter Leonard Shore	97	0	0	97	0	0	0	0	97	60	0
Giampaolo Zambeletti	113	0	0	113	0	0	0	0	113	60	0
Bertrand Boudewijn Kan	97	0	0	97	0	0	0	0	97	60	0
<b>Total:</b>	<b>1,770</b>	<b>0</b>	<b>0</b>	<b>1,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,770</b>	<b>1,392</b>	<b>150</b>

D.2 Provide information on the relationship between the remuneration received by directors and the results or other company performance indicators, explaining, where appropriate, how variations in the company's performance may have been able to influence the variation of the directors' remuneration.

Not applicable.

D.3 Provide information on the outcome of the advisory say-on-pay vote of the General Shareholders' Meeting on the annual remuneration report of the previous financial year, stating the number of votes cast against, if any:

	Number	% on total
<b>Votes cast</b>	180,054,548	77.71

  

	Number	% on votes cast
<b>Against</b>	1,970,060	1.09
<b>For</b>	177,882,866	98.79
<b>Abstentions</b>	201,622	0.11

## **E** OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regards to its directors, list them briefly.

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This annual remuneration report has been approved by the company's Board of Directors at its meeting held on 16 February 2017.

State whether any director has voted against or abstained with respect to the approval of this Report.

Yes ☐

No ☒