

# Annual Corporate Governance Report

**2016**  
**Junta General d'Accionistes**  
Junta General de Accionistas  
*Annual Shareholders' Meeting*

## APPENDIX I

### ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

#### ISSUER'S PARTICULARS

**FINANCIAL YEAR END**

31/12/2015

**CORPORATE TAX ID NO.**

A64907306

**CORPORATE NAME**

CELLNEX TELECOM, S.A.

**REGISTERED OFFICE**

AVENIDA PARC LOGISTIC, 12-20 BARCELONA

# ANNUAL CORPORATE GOVERNANCE REPORT

## FOR LISTED COMPANIES

### A OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital.

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

Indicate whether different types of shares exist with different associated rights:

Yes

No

A.2 List the direct and indirect holders of significant shareholdings in your organisation at year-end, excluding directors.

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
ABERTIS INFRAESTRUCTURAS, S.A.	78,772,302	0	34.00%
CRITERIA CAIXA, S.A.U.	10,714,286	0	4.62%
THREADNEEDLE INVESTMENT SERVICES LIMITED	6,983,013	0	3.01%
BLACKROCK INC.	0	14,403,894	6.22%
CANTILLON CAPITAL MANAGEMENT LLC	0	7,000,164	3.02%
AMERIPRISE FINANCIAL, INC.	0	20,522,645	8.86%
FUNDACIÓN BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA	0	10,714,286	0.00%
FIDELITY INTERNATIONAL LIMITED	0	3,473,554	1.50%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
BLACKROCK INC.	VARIOUS FUNDS MANAGED BY THE DECLARANT	14,403,894
CANTILLON CAPITAL MANAGEMENT LLC	VARIOUS FUNDS NOT OBLIGED TO DECLARE INDIVIDUALLY	7,000,164
AMERIPRISE FINANCIAL, INC.	THREADNEEDLE ASSET MANAGEMENT HOLDING LIMITED	19,996,724
AMERIPRISE FINANCIAL, INC.	COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC	525,921
FUNDACIÓN BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA	CRITERIA CAIXA, S.A.U.	10,714,286
FIDELITY INTERNATIONAL LIMITED	VARIOUS FUNDS MANAGED BY THE DECLARANT	3,473,554

Indicate the most significant movements in the shareholding structure during the year:

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
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Name or corporate name of shareholder	Date of the transaction	Description of the transaction
ABERTIS INFRAESTRUCTURAS, S.A.	07/05/2015	Fell below 60% of share capital
ABERTIS INFRAESTRUCTURAS, S.A.	07/05/2015	Exceeded 30% of share capital
AMERIPRISE FINANCIAL, INC.	07/05/2015	Exceeded 5% of share capital
BLACKROCK INC.	07/05/2015	Exceeded 5% of share capital
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	07/05/2015	Exceeded 3% of share capital
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	07/05/2015	Fell below 3% of share capital
GOLDMAN SACHS GROUP, INC	07/05/2015	Exceeded 5% of share capital
THREADNEEDLE INVESTMENT SERVICES LIMITED	07/05/2015	Exceeded 3% of share capital
GOLDMAN SACHS GROUP, INC	08/05/2015	Fell below 5% of share capital
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	11/05/2015	Fell below 3% of share capital
FIL LIMITED	12/05/2015	Exceeded 1% of share capital (only tax havens)
SOCIÉTÉ GENERALE, S.A.	15/05/2015	Exceeded 3% of share capital
SOCIÉTÉ GENERALE, S.A.	19/05/2015	Fell below 3% of share capital
FIL LIMITED	20/05/2015	Fell below 1% of share capital (only tax havens)
FIL LIMITED	18/06/2015	Exceeded 1% of share capital (only tax havens)
FIL LIMITED	14/09/2015	Exceeded 2% of share capital (only tax havens)
FIL LIMITED	13/10/2015	Fell below 2% of share capital (only tax havens)
GOLDMAN SACHS GROUP, INC	25/11/2015	Exceeded 3% of share capital
GOLDMAN SACHS GROUP, INC	26/11/2015	Fell below 3% of share capital
CRITERIA CAIXAHOLDING, S.A.U.	07/05/2015	Exceeded 3% of share capital
FUNDACIÓN BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA	07/05/2015	Exceeded 3% of share capital
CREDIT SUISSE SECURITIES LIMITED	08/05/2015	Exceeded 3% of share capital
GOLDMAN SACHS GROUP	11/05/2015	Fell below 3% of share capital
CANTILLON CAPITAL MANAGEMENT	29/09/2015	Exceeded 3% of share capital

**A.3** Complete the following tables on company directors holding voting rights through company shares.

Name or corporate name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
FRANCISCO REYNÉS MASSANET	0	11,265	0.00%
TOBIÁS MARTÍNEZ GIMENO	15,000	0	0.01%
GIAMPAOLO ZAMBELETTI ROSSI	6,000	0	0.00%
LUIS DEULOFEU FUGUET	3,571	0	0.00%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
FRANCISCO REYNÉS MASSANET	CRISTINA VALLS-TABERNER MULS	6,299
FRANCISCO REYNÉS MASSANET	FRINVYCO, S.L.	4,966

% of total voting rights held by the Board of Directors	0.01%
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Complete the following tables on company directors holding voting rights through company shares.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

Related name or corporate name
CELLNEX TELECOM, S.A.
ABERTIS INFRAESTRUCTURAS, S.A.

**Type of relationship:** Commercial

**Brief description:**

During the financial year 2015 an agreement was signed between Abertis Infraestructuras, S.A. and the Cellnex Group for the provision of corporate building management services, which are understood to be the lease of the company offices. The Cellnex Group also has an agreement with Hispasat, S.A. (a company in which Abertis Infraestructuras, S.A. has the majority shareholding), whereby the latter provides capacity lease services for certain satellite transponders. Other transactions with Abertis group companies and associates relate to transactions of little significance.

A.6 Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Spanish Limited Liability Companies Law. Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes

No

Indicate whether the company is aware of the existence of any concerted actions amongst its shareholders. If so, briefly describe them:

Yes

No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

Not applicable.

A.7 Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with Article 4 of the Spanish Securities' Market Act. If so, identify them:

Yes

No

Remarks

A.8 Complete the following tables on the company's treasury shares.

**At year-end:**

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
0	0	0.00%

**(\*) Through:**

List any significant changes made during the year, pursuant to Royal Decree 1362/2007.

Explain the significant changes
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**A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.**

On 10 April 2015, the company's then Sole Shareholder took the decision to authorise its Board of Directors to be able to proceed with the derivative acquisition of treasury stock, both directly through the company itself and through group companies, in the terms set out:

- a) the acquisition may be carried out as purchase, swap or payment in kind, once or several times, provided that the stock acquired, when added to that already held by the company, does not exceed 10% of the share capital;
- b) the price or exchange value shall fluctuate between a minimum equivalent to its face value and a maximum equivalent to the closing price of the company's stock on the Continuous Trading market at the time of acquisition;
- c) the validity period for the authorisation shall be five years from the day following the day on which this decision was taken.

It is expressly noted that the stock acquired as a result of this authorisation may be used both for the disposal or amortisation thereof as well as for applying the remuneration systems set out in Article 146.1 a) of the Spanish Limited Liability Companies Law.

**A.9.a Estimated floating capital.**

	%
Estimated floating capital	41.80

**A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.**

Yes  No

**A.11 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.**

Yes  No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

**A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.**

Yes  No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

## B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Bylaws. Describe how it differs from the system of minimum quorums established in the Spanish Limited Liability Companies Law.

Yes  No

B.2 Indicate and, as applicable, describe any differences between the Company's system of adopting corporate resolutions and the framework established in the Spanish Limited Liability Companies Law.

Yes  No

Describe how they differ from the rules established in the Spanish Limited Liability Companies Law.

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

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

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

Date of general shareholders' meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
31/12/2015	0.00%	0.00%	0.00%	0.00%	0.00%

B.5 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes  No

Number of shares required to attend the General Shareholders' Meeting	1,000
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B.6 Section abolished.

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Shareholders' Meetings that must be made available to shareholders on the website.

The "Shareholders and investors" section on the website [www.cellnextelecom.com](http://www.cellnextelecom.com) provides the information required by Article 539.2 of the Spanish Limited Liability Companies Law and by National Securities Market Commission Circular 3/2015.

## C COMPANY MANAGEMENT STRUCTURE

### C.1 Board of directors

C.1.1 List the maximum and minimum number of directors envisaged in the Bylaws.

<b>Maximum number of directors</b>	13
<b>Minimum number of directors</b>	4

C.1.2 Complete the following table with Board members' details.

Name or corporate name of director	Representative	Director category	Post on the board	Date of first appointment	Date of last appointment	Election procedure
FRANCISCO REYNÉS MASSANET		Proprietary	CHAIRMAN	17/11/2014	17/11/2014	OTHER
TOBIÁS MARTÍNEZ GIMENO		Executive	CEO	17/11/2014	17/11/2014	OTHER
FRANCISCO JOSÉ ALJARO NAVARRO		Proprietary	DIRECTOR	17/11/2014	17/11/2014	OTHER
JOSÉ MARÍA CORONAS GUINART		Proprietary	DIRECTOR	17/11/2014	17/11/2014	OTHER
PIERRE BLAYAU		Independent	DIRECTOR	16/04/2015	16/04/2015	OTHER
PETER SHORE		Independent	DIRECTOR	16/04/2015	16/04/2015	OTHER
BERTRAND BOUDEWIJNKAN		Independent	DIRECTOR	16/04/2015	16/04/2015	OTHER
GIAMPAOLO ZAMBELETTI ROSSI		Independent	DIRECTOR	16/04/2015	16/04/2015	OTHER
LUIS DEULOFEU FUGUET		Proprietary	DIRECTOR	16/04/2015	16/04/2015	OTHER

<b>Total number of directors</b>	9
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Indicate any board members who left during this period.

C.1.3 Complete the following tables on board members and their respective categories.

#### **EXECUTIVE DIRECTORS**

Name or corporate name of director	Post held in the company
TOBIÁS MARTÍNEZ GIMENO	CHIEF EXECUTIVE OFFICER

<b>Total number of executive directors</b>	1
<b>% of the board</b>	11.11%

#### **EXTERNAL PROPRIETARY DIRECTORS**

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment
FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS INFRAESTRUCTURAS, S.A.



JOSÉ MARÍA CORONAS GUINART	ABERTIS INFRAESTRUCTURAS, S.A.
LUIS DEULOFEU FUGUET	ABERTIS INFRAESTRUCTURAS, S.A.

<b>Total number of proprietary directors</b>	4
<b>% of the board</b>	44.44%

## **INDEPENDENT EXTERNAL DIRECTORS**

### **Name or corporate name of director:**

PIERRE BLAYAU

#### **Profile:**

Chairman of CCR (Caisse Central de Reassurance) and independent director on the boards of directors of FIMALAC and the Canal + Group. He was previously CEO of Saint-Gobain, Moulinex and Geodis, and executive director of SNCF. He has also been an executive director of La Redoute, member of the board of directors of FNAC, independent director of Crédit Lyonnais and chairman of the board of directors of Areva. Pierre Blayau is a tax inspector for the French Ministry of Finance and has a degree from the École National d'Administration in Paris.

### **Name or corporate name of director:**

PETER SHORE

#### **Profile:**

His extensive professional experience has been developed mainly in the telecommunications sector, having held the position of chairman of Arqiva (United Kingdom) for three years. He has also been chairman of Priceline.com, Ucomm, Lonely Planet Publications, the Hostworks Group and Airwave, as well as CEO of Media/Communications/Partners. He has also been a director of Objectif Telecommunications Limited, Foxtel, SMS Management and Technology and OnAustralia. Furthermore, he has been a member of the advisory council of Siemens Australia. Peter Leonard Shore holds a degree in applied mathematics and information technology from the University of Adelaide (Australia).

### **Name or corporate name of director:**

BERTRAND BOUDEWIJN KAN

#### **Profile:**

He has broad professional experience in the investment banking sector, and has focused particularly on the telecommunications, media and technology field. He spent most of his career at Morgan Stanley, where he became Managing Director and Chairman of the European Telecommunications Group. He then went to Lehman Brothers, where he was Vice President of the Global Telecoms Area and member of the European Operational 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 Member of the Supervisory Board of UWC Netherlands and the Advisory Board of Wadhani Asset Management Bertrand Kan graduated in economics from the London School of Economics.

### **Name or corporate name of director:**

GIAMPAOLO ZAMBELETTI ROSSI

#### **Profile:**

He has spent a large part of his professional career in the chemical-pharmaceutical and telecommunications sectors, and currently serves as president of RCS Investimenti and vice president of Unidad Editorial, S.A. He has previously been chairman of Italgas SpA, president and managing director of Ellem Industria Farmaceutica SpA and Zambelletti SpA, managing director and founder of Zambelletti España, S.A. and vice president of Farindustria. He has also been a member of the board of directors of Tages PLC and Assolombarda. In the telecommunications field, he has been executive director at Telecom Italia International (Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Oger Telekomunikasyon (Turkey) and Telekom Austria. Giampaolo Zambelletti holds a degree in chemistry from the University of 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.

<b>Total number of independent directors</b>	4
<b>% of the board</b>	44.44%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained the said relationship.

NO

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

### **OTHER EXTERNAL DIRECTORS**

Identify the other external directors and list the reasons why these cannot be considered proprietary or independent directors, and detail their relationships with the Company, its executives or shareholders.

List any changes in the category of each director that have occurred during the year.

C.1.4 Complete the following table on the number of female directors during the past four financial years and their status.

	Number of female directors				% of total directors of each type			
	2015 Financial Year	2014 Financial Year	2013 Financial Year	2012 Financial Year	2015 Financial Year	2014 Financial Year	2013 Financial Year	2012 Financial Year
<b>Executive</b>	0	N.A.	N.A.	N.A.	0.00%	N.A.	N.A.	N.A.
<b>Proprietary</b>	0	N.A.	N.A.	N.A.	0.00%	N.A.	N.A.	N.A.
<b>Independent</b>	0	N.A.	N.A.	N.A.	0.00%	N.A.	N.A.	N.A.
<b>Other external</b>	0	N.A.	N.A.	N.A.	0.00%	N.A.	N.A.	N.A.
<b>Total:</b>	0	N.A.	N.A.	N.A.	0.00%	N.A.	N.A.	N.A.

C.1.5 Explain the measures, if applicable, that have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

<b>Explanation of measures</b>
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Encouraging gender diversity is a principle set out in the Board Regulations. In 2016 the Board of Directors has approved a Director Selection Policy that establishes that the candidate selection process will avoid any kind of implicit bias that may

involve any discrimination; that it will promote the balanced presence of men and women on the Board of Directors; and that it must aim for the under-represented gender to be at least 30% of the total members of the Board of Directors in the shortest time possible, and by the end of 2020 at the latest.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and that the company makes a conscious effort to search for female candidates who have the required profile.

**Explanation of measures**

Within the framework of its powers, the Nomination and Remuneration Committee defines the functions and aptitudes required of the candidates who should fill each vacancy on the Board of Directors. In director selection procedures, the Nomination and Remuneration Committee evaluates the competences and experience of each candidate according to objective criteria, assessing the candidate's profile and evaluating the time and dedication needed for them to be able to effectively perform their duties. Among these criteria, the Nomination and Remuneration Committee considers the necessities of promoting equal opportunities between men and women, ensuring that no kind of gender-based discrimination takes place.

When, despite the measures taken, there are few or no female directors, explain the reasons.

**Explanation of reasons**

The Board of Directors wishes to increase the presence of women on the Board. For this purpose, among others, a Director Selection Policy has been approved in 2016. Given that the current Board was created only very recently and that the Director Selection Policy has only recently been approved, it has not yet been possible to implement the said Policy.

C.1.6a Explain the conclusions of the Nomination Committee regarding verifying compliance with the director selection policy. In particular, explain how this policy is promoting the aim that by 2020 the number of female directors will represent at least 30% of the total members of the board of directors.

**Explanation of conclusions**

It has not been possible to verify compliance with the Director Selection Policy given that it was only approved in 2016 and there have not been any vacancies since its approval.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

The significant shareholder Abertis Infraestructuras S.A. is represented on the Board of Directors by four proprietary directors.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

Yes

No

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If this has

been done in writing, addressed to the entire board, list below the reasons given by that director.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

**Name or corporate name of director:**

TOBÍAS MARTÍNEZ GIMENO

**Brief description:**

All powers of representation, management and power to sell assets that can be legally delegated.

C.1.11 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group.

Name or corporate name of director	Corporate name of the group entity	Post	Do they have executive functions?
TOBÍAS MARTÍNEZ GIMENO	RETEVISIÓN I, S.A.U.	Joint and several director	YES
TOBÍAS MARTÍNEZ GIMENO	ON TOWER TELECOM INFRAESTRUCTURAS, S.A.U.	Joint and several director	YES
TOBÍAS MARTÍNEZ GIMENO	TRADIA TELECOM, S.A.U.	Joint and several director	YES
TOBÍAS MARTÍNEZ GIMENO	GALATA SpA	Chairman of the Board of Directors	YES

C.1.12 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name of director	Corporate name of the group entity	Post
FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.	VICE CHAIRMAN/CEO
FRANCISCO REYNÉS MASSANET	ARTERIS, S.A.	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit:

Yes

No

C.1.14 Section abolished.

C.1.15 List the total remuneration paid to the board of directors in the year.

Board remuneration (thousands of euros)	1,392
Amount of rights accumulated by current directors concerning pensions (thousands of euros)	150
Amount of rights accumulated by former directors concerning pensions (thousands of euros)	0

C.1.16 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year.

<b>Name or corporate name</b>	<b>Post</b>
JOSÉ MANUEL AISA MANCHO	Finance and Corporate Development Manager
ANTONI BRUNET MAURI	Public and Corporate Affairs Manager
JAVIER MARTÍ DE VESES ESTADES	General Secretariat and Regulation Manager
ALEXANDRE MESTRE MOLINS	Business and International Development Manager
MARÍA ROSA PIÑOL RAURICH	Resource Manager
JOSÉ VENTOSA FREIXEDAS	Spain Business Unit Manager

<b>Total remuneration received by senior management (thousands of euros)</b>	1,377
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C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

<b>Name or corporate name of director</b>	<b>Corporate name of significant shareholder</b>	<b>Post</b>
FRANCISCO JOSÉ ALJARO NAVARRO	GESTIÓN INTEGRAL DE CONCESIONES, S.A.U. (GICSA)	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	INVERSORA DE INFRAESTRUCTURAS, S.L.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS MOTORWAYS UK LIMITED	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS FINANCE B.V.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	JOINT AND SEVERAL DIRECTOR

<b>Name or corporate name of director</b>	<b>Corporate name of significant shareholder</b>	<b>Post</b>
FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A. CONCESSIONARIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS AUMAR, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	IBERPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	CASTELLANA DE AUTOPISTAS S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS DE LEÓN, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS TELECOM SATÉLITES, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS INTERNACIONAL, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS AIRPORTS, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	PARTÍCIPES EN BRASIL II, S.A.	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	PARTÍCIPES EN BRASIL, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ARTERIS, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTA CENTRAL, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	SOCIEDAD CONCESIONARIA RUTAS DEL PACÍFICO, S.A.	VICE-CHAIR
FRANCISCO JOSÉ ALJARO NAVARRO	OPERADORA DEL PACÍFICO, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS AUTOPISTAS CHILE, S.A.	VICE-CHAIR
FRANCISCO JOSÉ ALJARO NAVARRO	INFRAESTRUCTURAS DOS MIL, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	HISPASAT, S.A.	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	INFRAESTRUCTURAS AMERICANAS, S.L.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	GESTIÓN INTEGRAL DE CONCESIONES, S.A.U. (GICSA)	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	INVERSORA DE INFRAESTRUCTURAS, S.L.	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A. CONCESSIONARIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	AUTOPISTAS AUMAR, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	IBERPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL

Name or corporate name of director	Corporate name of significant shareholder	Post
		DIRECTOR
JOSÉ MARÍA CORONAS GUINART	CASTELLANA DE AUTOPISTAS S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	AUTOPISTAS DE LEÓN, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	ABERTIS TELECOM SATÉLITES, S.A.U.	JOINT AND SEVERAL DIRECTOR

<b>Name or corporate name of director</b>	<b>Corporate name of significant shareholder</b>	<b>Post</b>
JOSÉ MARÍA CORONAS GUINART	ABERTIS INTERNACIONAL, S.A.U.	JOINT AND SEVERAL DIRECTOR
LUIS DEULOFEU FUGUET	EUROTOLL (SAS)	CHAIRMAN
LUIS DEULOFEU FUGUET	BIP&GO	CHAIRMAN
LUIS DEULOFEU FUGUET	GSA LOCATION (SAS)	CHAIRMAN
LUIS DEULOFEU FUGUET	EMMETEUR GROUPE SANEF	CHAIRMAN
LUIS DEULOFEU FUGUET	SOCIÉTÉ DES AUTOROUTES PARIS-NORMANDIE - SAPN (SA)	CHAIRMAN
FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.	VICE CHAIRMAN/CEO
FRANCISCO REYNÉS MASSANET	GESTIÓN INTEGRAL DE CONCESIONES, S.A.U. (GICSA)	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONÀRIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A. CONCESSIONARIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	AUTOPISTAS AUMAR, S.A. CONCESSIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	IBERPISTAS, S.A. CONCESSIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	CASTELLANA DE AUTOPISTAS S.A. CONCESSIONARIA DEL ESTADO, UNIPERSONAL	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	AUTOPISTAS DE LEÓN, S.A. CONCESSIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	ABERTIS TELECOM SATÉLITES, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	ABERTIS INTERNACIONAL, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	ABERTIS AIRPORTS, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	PARTÍCIPES EN BRASIL II, S.A.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	PARTÍCIPES EN BRASIL, S.A.	CHAIRMAN
JOSÉ MARÍA CORONAS GUINART	ABERTIS AIRPORTS, S.A.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	PARTÍCIPES EN BRASIL II, S.A.	JOINT AND SEVERAL DIRECTOR
JOSÉ MARÍA CORONAS GUINART	HISPASAT, S.A.	DIRECTOR
JOSÉ MARÍA CORONAS GUINART	INFRAESTRUCTURAS AMERICANAS, S.L.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	ARTERIS, S.A.	DIRECTOR
FRANCISCO REYNÉS MASSANET	HISPASAT, S.A.	DIRECTOR
FRANCISCO REYNÉS MASSANET	INFRAESTRUCTURAS AMERICANAS, S.L.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	HOLDING D'INFRAESTRUCTURES DE TRANSPORT S.A.S.	SOLE DIRECTOR
FRANCISCO REYNÉS MASSANET	SOCIÉTÉ DES AUTOROUTES DU NORD ET	DIRECTOR



Name or corporate name of director	Corporate name of significant shareholder	Post
	DE L'EST DE LA FRANCE (SANEF)	
FRANCISCO REYNÉS MASSANET	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	JOINT AND SEVERAL DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	SOCIÉTÉ DES AUTOROUTES DU NORD ET DE L'EST DE LA FRANCE (SANEF)	DIRECTOR
FRANCISCO JOSÉ ALJARO NAVARRO	SOCIETAT D'AUTOPISTES CATALANES, S.A.U.	JOINT AND SEVERAL DIRECTOR

Name or corporate name of director	Corporate name of significant shareholder	Post
JOSÉ MARÍA CORONAS GUINART	SOCIETAT D'AUTOPISTES CATALANES, S.A.U.	JOINT AND SEVERAL DIRECTOR
FRANCISCO REYNÉS MASSANET	SOCIEDAD CONCESIONARIA RUTAS DEL PACÍFICO, S.A.	DIRECTOR
FRANCISCO REYNÉS MASSANET	ABERTIS AUTOPISTAS CHILE, S.A.	DIRECTOR
FRANCISCO REYNÉS MASSANET	SOCIETAT D'AUTOPISTES CATALANES, S.A.U.	JOINT AND SEVERAL DIRECTOR

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies.

**Name or corporate name of director:**

FRANCISCO REYNÉS MASSANET

**Name or corporate name of significant shareholder:**

FUNDACIÓN PRIVADA ABERTIS

**Relationship:**

Trustee

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

Yes

No

C.1.19 Indicate the procedures for selecting, appointing, re-electing, evaluating and removing directors. List the competent bodies and the processes and criteria to be followed for each of these procedures.

The procedures for appointing, re-electing, evaluating and removing directors are detailed in Articles 18 to 21 of the Board of Directors' Regulations, which read as follows:

Article 18. Appointment of Directors

1. Directors will be appointed by the General Shareholders' Meeting or by the Board of Directors, in accordance with the provisions set out in Royal Decree 1/2010 of 2 July approving the redrafted text of the Spanish Limited Liability Companies Law or legal text replacing it.

2. The nominations for directors submitted to the Board of Directors for deliberation at the General Meeting and the appointment decisions that the Board adopts in virtue of the powers of co-optation legally vested in it must be preceded by the corresponding proposal by the Nomination 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 Nomination and Remuneration Committee, within the scope of their remits, will ensure that the candidates selected are persons of recognised standing, competence and experience, and shall be particularly rigorous with respect to those called on to be Independent Directors provided for in Article 5 of these Regulations and under the terms of the applicable good governance standards.

Article 20. Term of office

1. Directors shall hold office for the term provided for in the corporate bylaws, and may be re-elected one or more times for this same term.

2. Directors appointed by co-optation hold their positions until the date of the first General Meeting. If a vacancy occurs once the General Shareholders' Meeting has been convened and before it is held, the Board of Directors may appoint a director until the next General Shareholders' Meeting is held. Moreover, the director appointed by co-optation by the Board does not necessarily have to be a shareholder in the company.

When, following a Nomination and Remuneration Committee report, the Board of Directors considers that the interests of the

Company are in jeopardy, the director whose term of office has ended or who for any other reason ceases to hold office may not work in any other company that has a similar corporate purpose to the Company and which is considered by the Board to be a competitor, for the period determined by the Board, which in no case will be greater than two (2) years.

#### Article 21. Removal of directors

1. Directors shall resign their positions when they have completed the period for which they were appointed and when decided on by the General Shareholders' Meeting under the powers legally or statutorily vested therein.

2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:

- a) when they cease to hold the executive positions with which their appointment as Director was associated. 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 are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;
  - d) when their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. This last circumstance will be understood as occurring in respect of a significant shareholder 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 its significant 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.

Furthermore, in 2016 a Director Selection Policy has been approved which states that, in accordance with the provisions of the Spanish Limited Liability Companies Law, the Nomination and Remuneration Committee is responsible for proposing the appointment or re-election of members of the Board of Directors in the case of independent directors, with the Board itself being responsible for proposing appointment or re-election 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. Moreover, the proposal for nomination or re-election 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 needs 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 suggest directorship candidates to the Nomination and Remuneration Committee for its consideration. Furthermore, the Director Selection Policy regulates the process and conditions that candidates must meet.

C.1.20 Explain to what extent the annual evaluation of the board has prompted significant changes in its internal organisation and regarding the procedures applicable to its activities.

Description of changes
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The Company's Board of Directors was formed prior to the Company's admission to trading on the Spanish stock market in May 2015. Given its recent creation, an annual evaluation of the Board has not yet been performed. It is noted that the Company will perform said evaluation, along with an evaluation of its Committees, before the first anniversary of the Company's admission to trading on the Spanish stock market, thus fulfilling its legal obligations.
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C.1.20.a Describe the evaluation process carried out and the areas evaluated by the board of directors, assisted, if applicable, by an external consultant, with regard to the diversity in its composition and competences, of the functioning and composition of its committees, of the performance of the chair of the board of directors and the chief executive of the company and of the performance and contribution of each director.

The Company's Board of Directors was formed prior to the Company's admission to trading on the Spanish stock market in May 2015. Given its recent creation, an annual evaluation of the Board has not yet been performed. It is noted that the Company will perform said evaluation, along with an evaluation of its Committees, before the first anniversary of the Company's admission to trading on the Spanish stock market, thus fulfilling its legal obligations.

C.1.20.b Detail, if applicable, the business relationships that the consultant or any company from their group maintains with the company or any company from its group.

C.1.21 Indicate the cases in which directors must resign.

1. Directors shall resign their positions when they have completed the period for which they were appointed and when decided on by the General Shareholders' Meeting under the powers legally or statutorily vested therein.
2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:
  - a) when they cease to hold the executive positions with which their appointment as Director was associated. 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 are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;
  - d) when their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. This last circumstance will be understood as occurring in respect of a significant shareholder 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 its significant 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.

C.1.22 Section abolished.

C.1.23 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes

No

If applicable, describe the differences.

C.1.24 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed chair of the board.

Yes

No

C.1.25 Indicate whether the chair has the casting vote.

Yes

No

C.1.26 Indicate whether the Bylaws or the board regulations set any age limit for directors.

Yes

No

Age limit for chair:

Age limit for CEO: 70

Age limit for directors:

C.1.27 Indicate whether the Bylaws or the board regulations set a limited term of office for independent directors, other than that established in legislation.

Yes No 

C.1.28 Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures for doing so and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether any limitation has been established in terms of the categories in which it is possible to appoint a proxy, beyond the limitations imposed by legislation. If so, give brief details.

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

C.1.29 Indicate the number of board meetings held during the year, and how many times the board has met without the chair's attendance. Attendance will also include proxies appointed with specific instructions.

<b>Number of board meetings</b>	14
<b>Number of board meetings held without the chair's attendance</b>	0

If the chair is an executive director, indicate the number of meetings held without the attendance or representation of any executive director and chaired by the coordinating director.

<b>Number of meetings</b>	0
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Indicate the number of meetings of the various board committees held during the year.

<b>Committee</b>	<b>No. of meetings</b>
AUDIT AND REVIEW COMMITTEE	7
NOMINATION AND REMUNERATION COMMITTEE	3

C.1.30 Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

<b>Number of meetings with all directors in attendance</b>	11
<b>% of attendances of the total votes cast during the year</b>	97.00%

C.1.31 Indicate whether the consolidated and individual annual financial statements submitted for authorisation for issue by the board are certified previously.

Yes No 

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual financial statements prior to their authorisation for issue by the board.

Name	Post
JOSÉ MANUEL AISA MANCHO	Finance and Corporate Development Manager
TOBÍAS MARTÍNEZ GIMENO	Chief Executive Officer
JAVIER MARTÍ DE VESES ESTADES	Corporate Secretary

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

In accordance with Article 39.3 of the Board of Directors' Regulations, the Board will endeavour to prepare the accounts definitively in such a way that there is no place for qualifications on the part of the auditor. Nevertheless, when the Board considers that its opinion must be upheld, it will publicly explain the content and extent of the discrepancy. Furthermore, the duties of the Audit and Review Committee (Article 15(c) of the Board of Directors' Regulations) include supervising the process of preparing and presenting the compulsory financial information as well as the integrity thereof. The Audit and Review 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.1.33 Is the secretary of the board also a director?

Yes

No

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

Name or corporate name of secretary	Representative
JAVIER MARTÍ DE VESES ESTADES	

C.1.34 Section abolished.

C.1.35 Indicate and explain, where applicable, the mechanisms implemented by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

One of the duties of the Audit and Review Committee (Article 15(b) of the Board Regulations) is to bring before the Board of Directors, so that it may submit them to the General Shareholders' 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 (Article 15(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 jeopardise the independence of the same, 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 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 accounts auditing. In addition, another function of the Audit and Review Committee (Article 15(e) of the Board Regulations) is to issue, on an annual basis and prior to the issuing of the Audit Report, a report expressing an opinion on the independence of the accounts auditors or auditing firms. In all cases, this report must express an opinion on the provision of the additional services referred to in the foregoing paragraph, considered individually and as a whole, other than the legal audit and in relation to the independent status or to the legislation regulating auditing.

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.

C.1.36 Indicate whether the company has changed its external auditor during the year. If so, identify

the incoming auditor and the outgoing auditor.

Yes

No

Explain any disagreements with the outgoing auditor and the reasons for the same.

C.1.37 Indicate whether the auditing firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group.

Yes

No

	Company	Group	Total
Amount of non-audit work (thousands of euros)	1,023	145	1,168
Amount of non-audit work as a % of the total amount billed by the auditing firm	79.77%	38.74%	70.50%

C.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the chair of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes

No

C.1.39 Indicate the number of consecutive years during which the current auditing firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	Group
Number of consecutive years	3	3
Number of years audited by current auditing firm / Number of years the Company's financial statements have been audited (%)	100.00%	100.00%

C.1.40 Indicate and give details of any procedures through which directors may receive external advice.

Yes

No

Procedures
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In accordance with the provisions of Article 23 of the Board Regulations:

1. To receive assistance in fulfilling their duties, external Directors may, when there are special circumstances that make this necessary, request that legal, accounting or financial advisors or other experts be hired at the Company's expense. The assignment must necessarily deal with specific problems of a certain importance and complexity that arise during the performance of their duties.
2. The Chief Executive Officer of the Company must be informed of any decision to engage external advisors, and said decision may be vetoed by the Board of Directors, provided it demonstrates that:
  - a) it is not necessary for the proper performance of the duties entrusted to the external Directors;
  - b) its cost is not reasonable in view of the scale of the problem and the Company's assets and income;
  - c) the technical assistance requested could be adequately provided by experts and technicians from within the Company.

C.1.41 Indicate and, where appropriate, give details of whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

Yes

No

**Procedures**

Article 22 of the Board Regulations provides that the agenda of Board meetings will clearly indicate any points regarding which the Board of Directors must take a 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 2015 was generally sent to the directors one week in advance of the meetings.

C.1.42 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes

No

**Details of rules**

Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign (Article 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 jeopardise 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.1.43 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in Article 213 of the Spanish Limited Liability Companies Law.

Yes

No

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

- Syndicated bank financing agreement: subject to early repayment in the event there is a change in control, where change in control is defined as the acquisition of (i) more than 50% of the voting rights or (ii) the right to nominate or remove the majority of the board members.

- Bond issue agreement: holders will have the option to request the early amortisation of their bonds, in the event of a change in control (in the same terms as in bank financing), but in addition, this change in control would have to bring about a reduction in the rating of these bonds, provided that the rating agency states that the reduction of the credit rating is caused by the change in control.

- Some of the purchase contracts entered into by the company for the acquisition of infrastructures include a purchase option for the sellers in the event of a change in control at Cellnex in favour of a competitor.

C.1.45 Identify in aggregate form and provide detailed information on agreements between the



company and its officers, executives and employees that provide for compensation, guarantee or protection clauses the event of resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of operation.

**Number of beneficiaries: 3**

**Type of beneficiary:**

CEO and Senior Management

**Description of the agreement:**

The executives have signed agreements with the company, all prior to the date on which the admission to trading on the stock market took place for the company's shares. These agreements contain compensation clauses.

In general, the compensation clause in the contracts provides for the payment of compensation in favour of executives in case of unfair dismissal.

In the case of the CEO and other senior executives, 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 executive 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 Article 42 of the Commercial Code and similar circumstances.

In the case of other senior executives, their contracts provide 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 executive if, prior to a given date (2017), the executive is removed from the office he or she held or his or her powers, functions or conditions are substantially modified.

In all three cases, for executives, the compensation is the greatest of the following amounts: a) compensation equivalent to one year's salary, taking into consideration the gross annual fixed remuneration in cash received at the time of termination, as well as the gross annual variable remuneration received by the executive in the 12 months immediately before effectively ceasing to provide his or her services; or b) the compensation legally provided in the employment legislation currently in force.

For the CEO, the compensation would consist of two years' fixed and variable remuneration.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	Yes	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		X

**C.2 Board committees**

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary and independent directors and other external directors forming them:

**AUDIT AND REVIEW COMMITTEE**

Name	Post	Category
PIERRE BLAYAU	CHAIRMAN	Independent
BERTRAND BOUDEWIJN KAN	MEMBER	Independent
FRANCISCO JOSÉ ALJARO NAVARRO	MEMBER	Proprietary

<b>% of proprietary directors</b>	33.33%
<b>% of independent directors</b>	66.67%
<b>% of other external directors</b>	0.00%

Explain the functions assigned to this committee, describe the procedures and rules of organisation and operation of the same and summarise its most important actions during the year.

See Clarification 6

Identify the director who is a member of the Audit Committee who has been appointed taking into account his or her knowledge and experience in the field of accounting, auditing or both, and provide information on the number of years that the Chair of this Committee has held this post.

<b>Name of director with experience</b>	PIERRE BLAYAU
<b>No. of years chair has held post</b>	0

### **NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Post</b>	<b>Category</b>
GIAMPAOLO ZAMBELETTI ROSSI	CHAIRMAN	Independent
PETER SHORE	MEMBER	Independent
JOSÉ MARÍA CORONAS GUINART	MEMBER	Proprietary

<b>% of proprietary directors</b>	33.33%
<b>% of independent directors</b>	66.67%
<b>% of other external directors</b>	0.00%

Explain the functions assigned to this committee, describe the procedures and rules of organisation and operation of the same and summarise its most important actions during the year.

See Clarification 7

C.2.2 Complete the following table with information on the number of female directors on the various board committees over the past four financial years.

	<b>Number of female directors</b>							
	<b>2015 Financial Year</b>		<b>2014 Financial Year</b>		<b>2013 Financial Year</b>		<b>2012 Financial Year</b>	
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
AUDIT AND REVIEW COMMITTEE	0	0.00%						

	Number of female directors							
	2015 Financial Year		2014 Financial Year		2013 Financial Year		2012 Financial Year	
	Number	%	Number	%	Number	%	Number	%
NOMINATION AND REMUNERATION COMMITTEE	0	0.00%						

C.2.3 Section abolished.

C.2.4 Section abolished.

C.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees, the place in which they are available for consultation and any amendments that have been made during the year. Also indicate whether an annual report on the activities of each committee has been prepared voluntarily.

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 2015, which is available on the company's website.

C.2.6 Section abolished.

## D OPERATIONS WITH RELATED PARTIES AND INTRAGROUP OPERATIONS

D.1 Explain, if applicable, the procedure for the approval of operations with related parties and intragroup operations.

### Procedure to inform of the approval of operations with related parties

Pursuant to Article 4 of the Board of Directors' Regulations, the Board, subject to a report from the Audit and Review Committee, 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 standardised and applied en masse to many 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 income.

Furthermore, Article 33 of the aforementioned 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 authorisation for the line of operations and their conditions of execution will suffice.

D.2 List any transactions considered relevant by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

Name or corporate name of significant shareholder	Name or corporate name of the company or group company	Nature of relationship	Operation type	Amount (Thousands of Euros)
ABERTIS INFRAESTRUCTURAS, S.A.	CELLNEX TELECOM, S.A.	Contractual	Dividends and other profits paid	3,151
AMERIPRISE FINANCIAL, INC.	CELLNEX TELECOM, S.A.	Contractual	Dividends and other profits paid	821

Name or corporate name of significant shareholder	Name or corporate name of the company or group company	Nature of relationship	Operation type	Amount (Thousands of Euros)
BLACKROCK INC.	CELLNEX TELECOM, S.A.	Contractual	Dividends and other profits paid	576

D.3 List relevant transactions, by virtue of their amount or importance, between your company or groups of companies and the company's directors or executives.

D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose purpose and terms set them apart from the company's ordinary trading activities.

In all cases, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

D.5 Indicate the amount from related-party transactions.

17,906 (in thousands of euros).

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

In accordance with the Board of Directors' Regulations and the Internal Rules of Conduct on Stock Exchange Related Matters, 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 (Article 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.

Furthermore, the directors (Article 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 Article 230 of the Spanish Limited Liability Companies Law.

Directors (Article 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:

- 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.
- Using the company's name or their status of director to unduly influence the conduct of private operations.
- Using the company's assets, including its confidential information, for private purposes.
- Taking advantage of the company's business opportunities.
- 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.
- 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.

D.7 Is more than one of the group's companies listed in Spain?

Yes

No

Identify the listed subsidiaries in Spain.

#### Listed subsidiary

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

**Define the business dealings between the parent company and listed subsidiary as well as the dealings between the subsidiary and other group companies**

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

**Mechanisms to resolve possible conflicts of interest**

## **E RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1 Describe the risk management system in place at the company, including the measures for tax risk.**

In Spain, Cellnex has introduced a risk management system that has been approved and supervised by the Audit and Review Committee; it is currently applied in the Spanish companies and is due to be rolled out in Italy during 2016. To identify risks there are guidelines defined and approved by the Audit and Review Committee in their role risk management supervisors. Each area of the company is responsible for identifying, assessing and monitoring inherent and residual risk and for implementing controls to reduce risks. The risk map is checked and approved by the Board of Directors and periodically revised by the Audit and Review Committee, who monitors the main risks with greater frequency and informs the Board of Directors.

### **E.2 Identify the company bodies responsible for preparing and implementing the risk management system, including the tax risk system.**

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

- Board of Directors: the highest body responsible for defining the risk management strategy and policy.
- Audit and Review Committee: the Board of Directors entrusts this committee with monitoring the effectiveness of the risk management system and the information supplied to third parties regarding the system, making sure that the system is able to identify, manage, prioritise, control, monitor and provide complete information on risks.
- Risk Control: 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 reviewing the controls that mitigate the identified risks.
- Management Committee: responsible managing implementation of the defined risk policies, approving risk maps, assigning responsibilities, implementing control activities and action plans as well as monitoring existing risks in its area of responsibility.
- Managers: each area manager is responsible for identifying their risks and informing Risk Control in a timely fashion. Likewise, he or she is responsible for identifying and implementing control activities aimed at mitigating risks.

### **E.3 Indicate the main risks, including tax risks, which may prevent the company from achieving its targets.**

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

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

### **E.4 State whether the company has a risk tolerance level, including for tax.**

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, high 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 classified as unlikely, possible, probable and almost certain. The combination of impact and probability allows for risk prioritisation.

### **E.5 Identify any risks, including tax risks, which have occurred during the year.**

We set out the most relevant risks which have occurred during the year:

- Litigation associated with the extension of DTT.
- Integration and optimisation of Galata.
- Access to financing.

## E.6 Explain the response and monitoring plans for the main risks the company is exposed to, including tax risk.

In the implemented risk management model the plans to respond to and supervise the main risks are set out, according to their evaluation.

Those risks considered as priority are reviewed at least once every six months by the Audit and Review Committee which, with the same frequency, reviews whether there are variations in the risks not defined as being a priority. Furthermore, all areas carry out risk management and these are then monitored by the Board of Directors.

An updating of the risk map applicable to Spain and the development of the risk map for Italy is planned for 2016.

## **F** INTERNAL CONTROL AND MANAGEMENT OF RISK IN FINANCIAL REPORTING (ICFR)

Describe the mechanisms for the internal control and management of risk in financial reporting (ICFR) at the company.

### F.1 The entity's control environment

Specify at least the following components, with a description of their main characteristics:

#### F.1.1. What bodies and/or functions are responsible for: (i) the existence and regular updating of a suitable and effective ICFR; (ii) its implementation and (iii) its monitoring.

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 Review Committee, senior management and staff carry out to provide reasonable assurance of the reliability of the financial information reported to the market.

The 'ICFR Organisation and Supervision Model' at Cellnex sets out the following responsibilities in regard to the ICFR:

- The Cellnex Board of Directors is the highest authority responsible for the supervision of the internal information systems, as well as risk control and management policies.
- Specifically, article 4 of the Board Regulations ('Mission') states, amongst others, the following responsibilities:
  - o Defining general company policies and strategies, as well as the company's corporate governance policies.
  - o Preparing and approving annual financial statements and any other report or information required by law.
  - o Approving the financial information that the company must periodically publish as a result of being a listed company.
  - o Defining the risk control and management policy, including tax risks, as well as supervising internal information and control systems.
  - o Supervising the correct functioning and actions of the delegated bodies, amongst which there are the Audit and Review Committee and designated executives.
- According to the Board of Directors' Regulations (article 15), the basic responsibilities of the Audit and Review Committee include:
  - o The supervision of the preparatory process and presentation of mandatory financial information, as well as its integrity.
  - o The monitoring of the efficiency and suitability of the Group's internal control and risk evaluation, as well as the best monitoring and control measures to avoid criminal offences and for risk management systems, including tax risk and the systems to manage compliance with all applicable legislation.
  - o Discussion with the account auditor of the significant weaknesses of the internal control system detected during the auditing process.
  - o The supervision of internal auditing services, ensuring their independence and making sure that the recommendations and suggested corrective measures be considered by the management.
- In turn, the Cellnex Internal Auditing department is delegated responsibility for supervising ICFR by the Audit and Review Committee.

- Corporate Finance and Development Management is responsible for designing, maintaining and introducing ICFR.

### F.1.2. Whether or not the following elements exist, especially in connection with the financial reporting process:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the Company.

The Board of Directors of Cellnex, through its CEO, assigns the responsibility of designing and reviewing the organisational structure related to the preparation of the financial information to Organisation and General Services and to Finance and Corporate Development. The departments define the general structure and distribution of responsibilities and the procedure to design, review, update and disseminate these. This process is documented in the form of organisational structure charts and process models and the associated regulations, which form part of the Cellnex policy catalogue.

Cellnex has an internal organisational chart which covers all of the Group's areas and which is basically divided according to department (including those departments involved in preparing, analysing 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 the process of preparing financial information, in addition to the detailed organisational charts and with the aim of assigning responsibilities, there is the ICFR Organisation and Supervision Model, developed by the Accounting Consolidation and Regulations Department (part of Finance and Corporate Development), which is submitted to the Audit and Review Committee for approval.

- Code of conduct, approval body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

Cellnex has a Code of Conduct (Code of Ethics) approved by the Ethics and Crime Prevention Committee formed by the following departments: Internal Auditing and Risk Control, Legal, Resource Management, the General Secretariat and Regulation. Said Code of Conduct has been communicated to employees and is available on the corporate Intranet.

Likewise, specific staff training on this matter 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 real economic, financial and capital situation and to strictly comply with applicable legislation, 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 Ethics and Crime Prevention Committee is entrusted with evaluating breaches and proposing corrective actions and penalties.

- 'Whistle-blowing' channel, for informing the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

Cellnex has and promotes the use of communication channels to receive reports of possible Code of Ethics breaches and other irregular activities.

Communications are received, analysed and monitored by the Ethics and Crime Prevention Committee and later regularly reported to the Audit and Review Committee. Breaches can be reported through a form, using standard mail or e-mail, while preserving the confidentiality of those involved.

There is an ethics channel policy that regulates the operation of the channel and which explicitly states the need to report actions or omissions contrary to those set out in the Code of Ethics, including accounting and financial information.

The Ethics and Crime Prevention Committee will produce an annual report to facilitate the analysis of the functioning of the 'whistle-blowing' channel.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, 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-to-date 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 current regulations.

With respect to the preparation and review of financial information, during the year 2015 Cellnex implemented training plans covering the training needs identified by the Accounting Consolidation and Regulations Department in relation to:

- New accounting, tax, capital markets and internal control regulations, adopted and relevant to Cellnex.

- Changes to reporting methods and/or information systems.

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.

During 2015, Cellnex carried out training activities 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 2015 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 tax and accounting regulations 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 or, in some cases, mandatory basis.

In 2015, the following specific training was also provided:

- The SAP BPC consolidation and reporting system.
- Accounting and tax changes 2015 – IFRS and Spanish General Chart of Accounts.
- Accounting aspects of convertible bonds.
- Accounting aspects of letting - Fruit Project.
- Fiscal and accounting aspects of Patent Box - iPlusF.
- Purchase Price Allocation Methodology - PPA.

Furthermore, Corporate Management Control 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 Risk assessment in financial reporting

Report, as a minimum, on:

### F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

See section F.2.1.5.

- 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.

See section F.2.1.5.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

See section F.2.1.5.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

See section F.2.1.5.

- Finally, which of the company's governing bodies is responsible for overseeing the process.

The internal control system regarding financial information (ICFR) is documented in the ICFR Internal Control and Risk Management Manual (hereafter Risk Management Manual) and in the ICFR Organisation and Supervision Model (hereafter ICFR Organisational Model).

The ICFR Internal Control and Risk Management Manual aims, within the general risk management and internal control policies, to ensure the preparation and reporting of reliable financial information.

The Cellnex ICFR Organisation and Supervision Model, as well as the ICFR Internal Control and Risk Management Manual, are aligned with Cellnex's general risk policies and will be approved by the Audit and Review Committee.

The Risk Management Manual sets out which financial information it refers to as well as the methodology for defining materiality. 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.

The relevant business processes have also been identified together with each one's inherent risk, therefore guaranteeing that, upon suitable compliance of these, the financial information obtained will be whole and reliable. The relevant ICFR processes identified by Cellnex that will be documented are:

- a) Acknowledgement of incomes and accounts receivable
- b) Fixed assets and investments
- c) Purchases and accounts payable
- d) Staff
- e) Judgements and estimates
- f) Accounting close, consolidation (definition of perimeter) and reporting
- g) Cash and debt
- h) Taxes

Cellnex has designed a Risk and Control Matrix that aims to identify the main risks based on which control activities have been designed, and which will be applied to these processes and approved through 2016.

The Accounting Consolidation and Regulations Department is entrusted with identifying and documenting risks of error in the financial information. Internal Audit also takes part in this process by considering 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 Review Committee. The Cellnex Audit and Review Committee is responsible for supervising the risk control systems with support from Internal Auditing.

### F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

#### F.3.1. Procedures for reviewing and authorising the financial information and description of the ICFR to be disclosed to the markets, stating who is responsible in each case as well as documents and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may have a material impact on the financial statements, including procedures for the closing of accounts and for the separate review of relevant judgements, estimates, evaluations and projections.

As described previously, the review and authorisation procedures for financial information and the description of the ICFR to be reported to the markets is the responsibility of the Audit and Review Committee. Accordingly, the Regulated Information Reporting Manual that regulates the process of preparing and approving this information will be presented to the Committee during 2016 for its approval. This manual includes details of the management departments involved and their respective responsibilities, from accounting close to the publication of significant events and financial information.

The Cellnex ICFR Internal Control and Risk Management Manual sets out the criteria to identify relevant public financial information, this being as follows:

- 1) Regular reporting obligations (RRO):
  - a) Quarterly financial report.
  - b) Half-yearly financial report.
  - c) Annual financial report and Annual Corporate Governance Report (ACGR).

- 2) Annual report on remuneration policy for directors (ARR).

- 3) Significant Events.

Cellnex's Regulated Information Reporting Manual also details those responsible for preparing the information previously mentioned, the supervisory procedures for the Audit and Review Committee, those responsible for verifying of the model design and the functioning of the existing controls (Internal Auditing) and external auditors.

For each set of regulated financial information to be reported to the market, there is a procedure for its preparation and revision that involves completing questionnaires for the internal control of regulated information in order to be reasonably sure of the reliability of the entity's financial statements.

Following the Regulated Information Reporting Manual and completing specific questionnaires for internal control will be obligatory and subject to review by the internal Cellnex auditor.

On the matter of descriptive documentation regarding activity flows and controls of the different types of transaction that can have a material impact on the financial statements, Cellnex has an ICFR Organisation and Supervision Model that sets out 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's ICFR Organisation and Supervision Model is based on two differentiated areas:

- a) The general control environment, in which the ICFR's general operational guidelines are implemented, as well as senior management roles and responsibilities.
- b) Controls specific to the ICFR, where operative procedures related to the preparation of financial information are implemented.

The responsibility for the preparation and revision of financial information in each quarterly, half-yearly and annual close falls exclusively to the Finance and Corporate Development Department.

Individual and consolidated financial statements, half-yearly 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 Review Committee. Here the procedures included in the Regulated Information Reporting Manual will be applied as a

prior step to re-emission of the information to Cellnex Board of Directors for final approval.

Cellnex has descriptions of 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 Risk and Control Matrix and contain information on what the controls should consist of, the reason they 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 Cellnex's financial instruments and financing operations.

In relation to relevant judgements and estimates, Cellnex provides information in its annual consolidated financial statements on particularly relevant areas of uncertainty. 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 CEO. The most significant ones, such as the monitoring of asset values and coverage policies will be treated and reviewed by the Audit and Review Committee before submitting them for the Board's approval.

### F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The responsibility for the corporate information systems at Cellnex falls upon Systems, part of the Organisation and Efficiency Department, which in turn is part of Resource Management.

The operation and maintenance of Cellnex's corporate information systems are currently outsourced to an external supplier.

Furthermore, its is undergoing a system segregation process with its former Abertis matrix. To guarantee the security of the information in the systems, confidentiality agreements have been reached with Abertis. The person responsible for Corporate Systems coordinates the principle elements related to physical security, continuity and system operations with the external supplier.

Furthermore, the person responsible for Corporate Systems is responsible for establishing the internal systems control model for aspects regarding secure access, segregation of functions (coordinating with operative business and support areas) and change control, in addition to risk monitoring activities and controls derived from externalising systems.

In the case of the Italian subsidiary Galata, also in the process of system segregation with the old Wind Telecomunicazioni matrix, information exchanges take place through exporting data in secure files.

Cellnex uses information systems to maintain adequate checks and controls over its operations. The Group therefore places particular emphasis on ensuring these function correctly. Specifically, there is a SAP BPC System for Uniform Consolidation and Reporting implanted in all group companies with the exception of the Italian company Galata, which plans to implant this system through 2016.

### F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and the appraisal, calculation or valuation services commissioned to independent experts, when these may have a material impact the financial statements.

Cellnex regularly uses reports by independent experts to value its financial instruments and undertakings to employees.

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

- Their competence, capacity, accreditation and independence.
- The validity of the data and methods used.

- The reasonableness of the assumptions used, if applicable.

At present Cellnex has no formal guidelines in place as to how activities with third parties are to be treated in terms of contracting and results. However, such formalisation is due to take place in 2016.

Since late 2014, Cellnex Telecom has subcontracted certain activities associated to economic and personnel administration to external companies.

For this, certain control and risk management mechanisms have been established with the supplier to ensure that financial information derived from such activities is whole and correct. These include: a Management and Monitoring Committee for the contract, service level agreements, risk indicators, service reports, measures for technology security, external audits and contingency and continuity plans.

Furthermore, Cellnex Telecom continues to subcontract the information systems to Abertis, although it has established certain control and monitoring procedures that shall remain in place until the systems are migrated to Cellnex Telecom during 2016.

## F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

### F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting

policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The responsibility of maintaining accounting practices within Cellnex falls to the Accounting Consolidation and Regulations Department, a responsibility which also involves resolving queries and conflicts derived from their application.

The functions of the Accounting Consolidation and Regulations 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 the Accounting Consolidation and Regulations Department and regularly updated by this department (at least once a year) 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 half-yearly 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 and the complete updated manual is filed on the Accounting Regulations portal, as well as on the Corporate Management Control portal of the Cellnex intranet. The most recent update was in November 2015 and, 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 for the year.

#### F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning 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 statements of Cellnex's national companies is centralised in the Finance and Corporate Development Department, so as to guarantee homogeneous procedures in their preparation. The 'Half-Yearly Forms/Annual Forms' are received on a six-monthly and annual basis and contain all the information needed to prepare the Group's consolidated financial information (condensed interim financial statements and annual financial statements).

These 'half-yearly and annual forms' ensure homogeneity 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 2015 is uploaded directly by the controllers.

### F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

#### F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and the entity have an internal auditing function whose competencies include supporting the committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. Also state whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

To see through its commitment to whole and reliable financial information, and to comply with the fact that its previous main shareholder was also a listed company, Cellnex already had available an internal control of financial information, even though some of these monitoring and auditing activities were part of Abertis' corporate functions. The adaptation of this model to Cellnex's own requirements as a listed company have been the focus of most of the activities carried out by the Audit and Review Committee during this financial year.

To this effect, the Audit and Review Committee has carried out the following ICFR-related activities in 2015:

- Monitoring of implementation levels and possible changes to Cellnex ICFR models.
- Approval of ICFR review criteria.
- Review of ICFR-related information in the Annual Corporate Governance Report.

The Audit and Review Committee has held the necessary meetings with internal auditing to supervise and analyse the evolution of the operational implementation of the ICFR, finding out its degree of implementation and its effectiveness. It has also met with the company's external auditors in order to learn about the internal control weaknesses they identified during their work, as well as relevant aspects or incidents in this work.

Finally, the Audit and Review Committee has reviewed all the financial information that Cellnex has published for the market. At present the Audit and Review Committee has already approved the Activity Plan for 2016 as well as the Internal Audit Plan for 2016, which include 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, as well as their potential impact on financial information, once checked with audited areas.

Regarding the function of internal auditing, the Cellnex Board of Directors' Regulations, and specifically the section that corresponds to the powers assigned to the Audit and Review Committee, gives this committee the responsibility over:

"Supervising the functioning of internal auditing, monitoring its independence and efficiency and proposing the selection, appointment, reselection and removal of the head of the internal audit service as well as the budget for this service, receiving periodic information regarding activities and verifying that directors take into account the conclusions and recommendations in its reports."

During 2015 Internal Auditing undertook various activities to review key business processes and no significant weaknesses that could have a material impact on Cellnex's 2015 financial information were identified; furthermore, necessary corrective actions to solve other future possible weaknesses were been carried out.

Likewise, as stated in section F.7.1., the external auditor issued a report on the procedures agreed regarding the ICFR description drawn up by Cellnex which did not highlight any significant issues.

F.5.2. This includes a discussion procedure whereby the auditor (pursuant to TAS), internal auditors and other experts can report any significant internal control weaknesses encountered during their review of the annual financial statements or other assignments to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Article 39 of the Cellnex Board of Directors Regulations states:

"The Board's relationships with the company's external auditors or audit companies will be channelled through the Audit and Review 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 Review Committee will periodically meet with the external auditor. These communications are recorded in the Audit and Review Committee's minutes and are monitored through Internal Auditing.

In regard to the functions of internal auditing, the responsibilities of the Audit and Review Committee include:

1. Monitoring 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 heads of the services, as well supervising the monitoring and control measures suitable for preventing criminal offences, the risk management systems, including tax-related ones, and the compliance management systems for any applicable legislation.

The agenda of the Audit and Review Committee regularly includes the attendance of the internal auditor, who informs on the extent to which the auditing plan is being complied with as well as any issues identified and solutions applied to these. These activities are recorded in the Audit and Review Committee minutes.

All the supervisory activities by the company's Board of Directors and Audit and Review Committee are carried out throughout the year and are included in the agenda of the various sessions set out in the schedule for the year.

## F.6 Other relevant information

Not applicable.

## F.7 External auditor report

Report on:

F.7.1. Whether the ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

Cellnex has submitted the 2015 ICFR information reported to the market for review by the external auditor. The extent of the auditor's review procedures was in accordance with Circular E14/2013 of

19 July 2013, of the Institute of Certified Auditors of Spain, publishing the Action Guide and model auditor's report relating to information on the internal control over financial reporting system (ICFR) of listed companies.

Indicate the degree of the company's compliance with the recommendations in the Code of Good Governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons for this so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The Bylaws of listed companies should not place a limit on the votes that can be cast by a single shareholder or impose other obstacles to a takeover of the company by means of share purchases on the market.

Compliant  Explain

2. When a dominant and a subsidiary company are stock market listed, both of them should provide detailed disclosure on:

- a) The type of activity they engage in and any business dealings between them as well as between the subsidiary company and other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Compliant  Partially compliant  Explain  Not applicable

3. During the Ordinary General Shareholders' Meeting, in addition to the written Annual Corporate Governance Report, the Chair of the Board of Directors will verbally inform shareholders with suitable detail on the most relevant aspects of the company's corporate governance, and in particular:

- a) Of the changes which have taken place since the previous Ordinary General Shareholders' Meeting.
- b) Of the specific reasons for which the company may not be complying with any recommendations contained in the Code for Corporate Governance and, should there be any, the alternative rules which have been applied in the matter.

Compliant  Partially compliant  Explain

4. The company defines and promotes a policy of communication and contact with shareholders, institutional investors and proxy advisors that is completely respectful of the rules in place to avoid market abuses and a similar treatment of shareholders that are in equivalent positions.

The company makes this information public through its website, including information regarding the way in which the company has put this into practice, identifying the representatives or the people responsible for carrying this out.

Compliant  Partially compliant  Explain

The principles of the communications and contact policy with shareholders, institutional investors and markets are set out in the Board of Directors' Regulations and the Internal Rules of Conduct. However, at the beginning of 2016 a document specific to this matter was approved and published on the company's website: Policy for communication and contact with shareholders, institutional investors and proxy advisors.

5. The Board of Directors will not put to the General Shareholders' Meeting a proposal that delegates the authority to issue shares or convertible shares, excluding preferential subscription rights, for a value above 20% of the capital at the moment of delegation.

When the Board of Directors approves any issue of shares or convertible shares, excluding preferential subscription rights, the company will publish via their website the reports regarding such

exclusion to which trading legislation refers.

Compliant  Partially compliant  Explain

6. The listed companies that produce the reports listed below, be it for mandatory or voluntary purposes, should publish these on their website with sufficient time prior to the Ordinary General Shareholders' Meeting, even when their distribution is not mandatory:

- a) Report on auditor independence.
- b) Report on the workings of the auditing, nomination and remuneration committees.
- c) Report by the auditing committee regarding operations with related parties.
- d) Report on the corporate social responsibility policy.

Compliant  Partially compliant  Explain

7. The company should broadcast the General Shareholders' Meetings live through its website.

Compliant  Explain

8. The Board of Directors should seek to present the annual financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report and, should such qualifications exist, both the chair of the Audit Committee and the auditors should give a clear account to shareholders of the scope and content of these reservations and qualifications.

Compliant  Partially compliant  Explain

9. The company should make permanently public on its website the requirements and processes that it will accept to accredit the ownership of shares, the right to attend the General Shareholders' Meeting and the exercise or delegation of voting rights.

These requirements and procedures should favour attendance and exercising of shareholder rights and should be applied without discrimination.

Compliant  Partially compliant  Explain

The company has not held a Shareholders' Meeting since its flotation and intends to permanently comply with this recommendation from the calling of the first General Shareholders' Meeting.

10. When, prior to the General Shareholders' Meeting, a legitimised shareholder has exercised the right to complete the agenda or present new proposals for agreement, the company will:

- a) Immediately distribute these additional points and proposals for agreement.
- b) Make public the model for attendance cards or vote by proxy or remote vote forms with the modifications necessary to vote on the points on the agenda and alternative proposals for agreement in the same terms as those set out by the Board of Directors.
- c) Submit all these points or alternative proposals to a vote, applying the same rules as for those proposed by the Board of Directors, including the presumptions or deductions regarding the result of the vote.
- d) Communicate, after the General Shareholders' Meeting, a breakdown of the vote on the additional points or alternative proposals.

Compliant  Partially compliant  Explain  Not applicable

11. Should the company plan to pay General Shareholders' Meeting attendance incentives, it must

previously set out a general policy regarding these incentives and ensure this policy is stable.

Compliant

Partially compliant

Explain

Not applicable

12. The Board of Directors must perform its functions with a united objective and independent criteria, treat all shareholders in similar positions equally and act in the company's best interest, this being to attain a profitable and sustainable business in the long term, as well as promoting the continuity and maximisation of the company's economic value.

For the benefit of the company's interests, as well as respecting laws and regulations and behaviours based on good faith, ethics and respect for customs and commonly accepted good practices, the Board of Directors should attempt to reconcile the company's interests with those of its employees, suppliers, clients and other stakeholders as well as its impact on the community and the environment.

Compliant

Partially compliant

Explain

13. The Board of Directors should be the correct size to ensure an efficient and participative functioning, making between five and fifteen directors an advisable figure.

Compliant

Explain

14. The Board of Directors should approve a director selection policy that:

- a) Is specific and possible to verify.
- b) Ensures that the proposed appointments or reappointments are based on a previous analysis of the needs of the Board of Directors.
- c) Favours diversity of knowledge, experience and gender.

The result of the analysis of the needs of the Board of Directors should be included in the Nomination Committee report, published when announcing the General Shareholders' Meeting at which the appointments or reappointments of each director must be ratified.

The director selection policy should work towards having women represent at least 30% of the Board of Directors by 2020.

The Nomination Committee will annually verify compliance with the director selection policy and this will be reported on in the Annual Corporate Governance Report.

Compliant

Partially compliant

Explain

The principles of the director selection policy are set out in the Board of Directors' Regulations. However, at the beginning of 2016 the Board of Directors has approved a document specific to this matter: Director selection policy, which covers this recommendation.

15. Independent and proprietary directors should occupy an ample majority on the Board of Directors while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the capital share held by the executive directors.

Compliant

Partially compliant

Explain

16. The percentage of non-executive directors that are proprietary directors must not be greater than the proportion of company capital held by these directors versus the remainder of the company's capital.

This criteria may be lessened in the following cases:

- a) In companies with high capitalisation where there are few share-based participations of legal significance.
- b) In companies with a plurality of shareholders represented on the Board of Directors and where these are not otherwise related.

Compliant

Explain

The percentage of non-executive directors that are proprietary directors is 50%, these representing the shareholder Abertis Infraestructuras, S.A., which holds 34% of shares in Cellnex Telecom, S.A.

17. The number of independent directors should be at least half of all board members.



However, if the company does not have a high capitalisation or, when having a high capitalisation, it has one or several shareholders acting harmoniously and controlling over 30% of capital, then the number of independent directors should be at least a third of all board members.

Compliant

Explain

18. Companies should post the following director particulars on their websites, keeping them permanently updated:

- a) Professional and biographical profile.
- b) Other boards sat on, whether of listed companies or not, as well as other paid activities, no matter their nature.
- c) Indication of the category of directorship held and, in the case of propriety directors that represent shareholders, which of these they are linked to.
- d) Date of first appointment as company director as well as later reappointments.
- e) Company shares and options in his or her name.

Compliant

Partially compliant

Explain

The company has published on its website all this information with exception of directors' other paid activities, no matter their nature.

19. Following verification with the Nomination Committee, the annual corporate governance report should also disclose the reasons for the appointment of any proprietary directors at the request of shareholders controlling less than 3% of capital; the report should explain, if applicable, the reasons for the rejection of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors.

Compliant

Partially compliant

Explain

Not applicable

20. Proprietary directors should resign when the shareholder they represent transfers its ownership interests in the company. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant

Partially compliant

Explain

Not applicable

21. The Board of Directors should not propose the removal of any independent directors prior to the expiry of their tenure, except where just cause is found by the Board of Directors following a report by the Nomination Committee. Specifically, it will be considered just cause when the director takes on new responsibilities or obligations that do not allow him or her to dedicate the time necessary to complete the functions of the directorship or do not comply with the obligations inherent to the role, or if they become involved in circumstances that compromise their independence, all according to the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in recommendation 16.

Compliant

Explain

22. Companies should establish rules obliging directors to inform the board of circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent

trial.

The moment a director is indicted or tried for any of the crimes stated in the company's internal rules, the Board of Directors should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

Compliant  Partially compliant  Explain

23. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the company's interests. In particular, independent and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the Secretary of the Board of Directors, whether he or she is a director or not.

Compliant  Partially compliant  Explain  Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

Compliant  Partially compliant  Explain  Not applicable

25. The Nomination Committee should ensure that non-executive directors have sufficient time to carry out the functions of their role.

The board regulations should set out the maximum number of company boards on which the company's directors may sit.

Compliant  Partially compliant  Explain

The Board of Directors' Regulations do not set out the maximum number of company boards on which the company's directors may sit. However, Article 26 of the Board of Directors' Regulations establishes that directors must be adequately dedicated and adopt the necessary measures to ensure good management and control of the company when carrying out their functions.

26. The board should meet with the necessary frequency to properly perform its functions and at least eight times a year, in accordance with a calendar and agenda set at the beginning of the year, to which each director may propose additional items not originally set out.

Compliant  Partially compliant  Explain

27. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When absences do occur, directors should appoint representatives and provide them with instructions.

Compliant  Partially compliant  Explain

Article 26 of the Board of Directors' Regulations states that directors must carry out their role and comply with the duties set out in the law and the Corporate Bylaws with due business diligence, keeping in mind the nature of their role and the functions assigned to each of them. It is also established that directors must be adequately dedicated and adopt the necessary measures to ensure good management and control of the company when carrying out their functions. Therefore absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. However, the Board of Directors' Regulations do not set out the Board of Directors' obligation to appoint representatives and provide them with instructions in the event of absences, as such requirement may not always be possible due to a lack of prior participation in the debates and deliberations regarding the matters put forward to the Board of Directors.

28. When directors or the Secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes book.

Compliant  Partially compliant  Explain  Not applicable

29. The company must set out the appropriate channels for directors to obtain precise advice to comply with their functions, including, should circumstances so require, external consultations at the company's expense.

Compliant  Partially compliant  Explain

30. As regards the know-how expected from directors when exercising their functions, companies should also offer their directors programmes to update said know-how when the circumstances so advise.

Compliant  Explain  Not applicable

In the company's internal rules there is no provision for offering directors programmes to update their know-how, and to date no director has requested this. However, faced with any such request, or if it is considered to be of benefit, a corresponding analysis and evaluation of the situation will be performed by the Board of Directors.

31. The session's agenda should clearly indicate the points to be decided or agreed upon by the Board of Directors so that the directors can study or collect the information required for their adoption prior to the meeting.

When, exceptionally and in light of urgent circumstances, the chair wishes to submit decisions or resolutions that are not listed in the agenda to the Board of Directors for approval, the prior and explicit consent of a majority of the board members present will be required and this should be recorded in the minutes.

Compliant  Partially compliant  Explain

32. The directors should be periodically informed of shareholder movements and of the opinions of significant shareholders, investors and rating agencies regarding the company and group.

Compliant  Partially compliant  Explain

33. As well as exercising the functions attributed by law and the corporate bylaws, the chair, as the person responsible for the correct functioning of the Board of Directors, should prepare and submit to the Board of Directors a schedule of dates and matters to be dealt with and organise and coordinate the periodic evaluation of the board and, where applicable, the chief executive of the company. The chair will also be responsible for managing the board and the effectiveness of its functioning, will ensure that enough time is dedicated to discussions regarding strategic issues and will negotiate and revise the programmes for updating each director's know-how, when circumstances so advise.

Compliant  Partially compliant  Explain

The Company's Board of Directors was formed prior to the Company's admission to trading on the Spanish stock market in May 2015. Given its recent creation, an annual evaluation of the Board has not yet been performed. It is noted that the Company will perform said evaluation, along with an evaluation of its Committees, before the first anniversary of the Company's admission to trading on the Spanish stock market, thus fulfilling its legal obligations.  
No know-how updating programmes have been carried out as the circumstances have not made it advisable.

34. When there is a coordinating director, in addition to the powers set out in the law, the corporate bylaws or board of directors' regulations should give this role the following functions: chair the Board of Directors in the absence of the chair and vice-chairs, should these exist; voice the concerns of non-executive directors; maintain contact with investors and shareholders in order to find out their points of view and form an opinion regarding their concerns, especially in regard to the company's corporate governance; and coordinate the chair succession plan.

Compliant  Partially compliant  Explain  Not applicable

35. The Secretary of the Board of Directors should ensure that the actions and decisions of the Board of Directors keep in mind the recommendations for good governance contained in this Code of Good Governance when applicable to the company.

Compliant  Explain

36. Once a year, the complete Board of Directors must evaluate and adopt, where necessary, an action plan to correct identified shortfalls in:

- a) The quality and efficiency of the Board of Directors' functioning.
- b) The functioning and composition of its committees.
- c) The diversity of the Board of Directors composition and responsibilities.
- d) The performance of the Board of Directors' chair and the company's chief executive.
- e) The performance and the contribution of each director, with special attention being paid to those responsible for the different board committees.

The evaluation of the different committees will be based on the reports presented by said committees to the Board of Directors, which in turn will be evaluated by the Nomination Committee.

Every three years the Board of Directors will be assisted in its evaluations by an external consultant whose independence will be verified by the Nomination Committee.

The business relationships that the consultant or any company in its group has with the company or any group subsidiary must be listed in the Annual Corporate Governance Report.

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

Compliant

Partially compliant

Explain

The Company's Board of Directors was formed prior to the Company's admission to trading on the Spanish stock market in May 2015. Given its recent creation, an annual evaluation of the Board has not yet been performed. It is noted that the Company will perform said evaluation, along with an evaluation of its Committees, before the first anniversary of the Company's admission to trading on the Spanish stock market, thus fulfilling its legal obligations.

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself and it should also share the same Secretary.

Compliant

Partially compliant

Explain

Not applicable

38. The board should be kept fully informed of the matters dealt with and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Compliant

Partially compliant

Explain

Not applicable

39. Audit Committee members, particularly the chair, are appointed in light of their knowledge and experience in accounting, auditing or risk management and bearing in mind that most of these members should be independent directors.

Compliant

Partially compliant

Explain

40. Under the supervision of the Audit Committee, there should be a unit responsible for internal auditing that ensures the correct functioning of internal information and control systems and functionally reports to the non-executive chair of the board or of the Audit Committee.

Compliant

Partially compliant

Explain

The company has an internal auditing area controlled by the General Secretariat and which reports directly to the Audit and Review Committee.

41. The head of internal auditing should present an annual work programme to the Audit Committee, report directly on any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant

Partially compliant

Explain

Not applicable

42. In addition to those set out by law, the Audit Committee has the following responsibilities:

1. Regarding information and internal control systems:

- a) Monitoring the preparation and integrity of the financial information regarding the company and, where appropriate, the group, by checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
- b) Monitoring the independence of the unit that undertakes the internal audit; proposing the selection, appointment, re-election and removal of the head of the internal audit service; proposing the budget for said service; approving its direction and work plans, ensuring that its activities are focused on the company's most relevant risks; receiving periodic information regarding its activities and verifying that the senior management take into account the conclusions and recommendations in its reports.
- c) Establishing and supervising a mechanism that allows personnel to confidentially and, where possible and appropriate, anonymously report potentially relevant irregularities detected inside the company, especially those of a financial or accounting nature.

2. Regarding the external auditor:

- a) In cases of external auditor resignation, an investigation must be carried out into the circumstances of this.
- b) Ensuring that the remuneration of the external auditor does not jeopardise the quality or independence of the auditor.
- c) Ensuring that the company reports any change of auditor to the CNMV as a significant event, accompanied by a statement regarding any disagreements arising with the outgoing auditor and the reasons for these.
- d) Ensuring that the external auditor takes part in an annual meeting with the full Board of Directors to report on the work carried out and the evolution of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor respect current legislation regarding the various auditing services, the limits on the auditor's business concentration and, in general terms, the other rules regarding auditor independence.

Compliant

Partially compliant

Explain

The company has an internal auditing area controlled by the General Secretariat and which reports directly to the Audit and Review Committee. As such, the General Secretariat is responsible for the selection, appointment, re-election and removal of the head of the internal audit service and the area's budget and work plans. However, as established in Article 15 of the Board of Directors' Regulations, the Audit and Review Committee is responsible for monitoring 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 heads of the services.

43. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of any other manager.

Compliant

Partially compliant

Explain

44. The Audit Committee should be informed of corporate or structural modification operations planned by the company so that it may analyse them and submit a preliminary report to the Board of Directors regarding their economic terms and accounting impact and in particular, where appropriate, the proposed exchange ratio.

Compliant

Partially compliant

Explain

Not applicable

45. The control and risk management policy should specify at least:

- a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational risk, etc.) that the company is exposed to, including amongst the financial or economic risks the contingent liabilities and other off-balance sheet risks.

- b) The setting out of the level of risk that the company considers acceptable.
- c) The measures in place to mitigate the impact of the identified risks, should these occur.
- d) The internal reporting and control systems used to control and manage the aforementioned risks, including contingent liabilities and off-balance sheet risks.

Compliant  Partially compliant  Explain

46. Under the direct supervision of the Audit Committee, or alternatively a specialised Board of Directors committee, there must be an internal risk control and management function carried out by a unit or internal company department that has the following functions clearly attributed to it:

- a) Ensuring the correct functioning of the risk control and management systems and, more specifically, identifying, managing and quantifying, in an adequate manner, all the major risks that affect the company.
- b) Actively participating in the preparation of the risks strategy and in important decisions regarding its management.
- c) Ensuring the risk control and management systems adequately mitigate the risks within the parameters set out by the Board of Directors' policy.

Compliant  Partially compliant  Explain

47. The selected members of the Nomination and Remuneration Committee (or the Nomination Committee and the Remuneration Committee, should these be separate) must have the suitable knowledge, aptitudes and experience for the tasks that they must fulfil and most of these members must be independent directors.

Compliant  Partially compliant  Explain

48. Companies with a high capitalisation must have separate committees for appointments and remuneration.

Compliant  Explain  Not applicable

49. The Nomination Committee should consult with the chair of the Board of Directors and the company's chief executive, especially on matters relating to executive directors.

Any board member may suggest candidates that he/she considers suitable for covering vacancies on the board to the Nomination Committee for its consideration.

Compliant  Partially compliant  Explain

50. The Remuneration Committee must carry out its functions independently and, in addition to the responsibilities assigned by law, be assigned the following functions:

- a) Proposing to the Board of Directors the basic contractual conditions for senior executives.
- b) Checking to ensure that the company's remuneration policy is being observed.
- c) Periodically revising the remuneration policy applied to directors and senior executives, including remuneration systems that include shares, and guaranteeing that individual pay packages are proportional to those received by other directors and senior executives in the company.
- d) Monitoring any possible conflicts of interests to ensure these do not jeopardise the independence of the external advice given to the committee.
- e) Verifying the information regarding director and senior executive remuneration contained in the

different corporate documents, including the annual report on remuneration of directors.

Compliant  Partially compliant  Explain

51. The Remuneration Committee should consult with the company's chair and chief executive, especially on matters relating to executive directors and senior executives.

Compliant  Partially compliant  Explain

52. The rules regarding the composition and functions of the supervision and control committees must be set out in the Board of Directors' Regulations and these should be consistent with those applicable to legally mandatory committees, as per the previous recommendations, including:

- a) That these be exclusively made up of non-executive directors, with a majority of independent directors.
- b) That the committees be chaired by independent directors.
- c) That the Board of Directors appoints the members of such committees keeping in mind the knowledge, aptitudes and experience of the directors and the duties of each committee; considers their proposals and reports; and accounts for their activities at the first plenary session of the Board of Directors following their meetings, with the committees taking responsibility for the work performed.
- d) That the committees may engage external advisors, when they feel this is necessary for them to carry out their duties.
- e) That minutes of the meetings be taken and made available to all directors.

Compliant  Partially compliant  Explain  Not applicable

53. The supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy must be performed by a single or several Board of Directors' committees. These may be the Audit Committee, Nomination Committee, Corporate Social Responsibility Committee, should one exist, or a specialist committee that the Board of Directors, exercising its powers of self-organisation, creates to that effect and attributes the following minimum specific functions:

- a) The supervision of compliance with internal codes of conduct and the company's corporate governance rules.
- b) The supervision of the shareholder and investor communications and relations strategy, including small- and medium-sized shareholders.
- c) The periodic evaluation of the adequacy of the corporate governance system, with the aim of it meeting its objective of promoting the company's interests and taking into account, where applicable, the legitimate interests of other stakeholders.
- d) The review of the company's corporate responsibility policy, ensuring that this be focused on generating value.
- e) The monitoring of the corporate social responsibility strategy and practices and the evaluation of the degree of compliance therewith.
- f) The supervision and evaluation of the processes for maintaining relations with different stakeholders.



- g) The evaluation of all elements related to the company's non-financial risks, including those of an operative, technological, legal, social, environmental, political and reputational nature.
- h) The coordination of the process of reporting non-financial information and information on diversity, in compliance with the applicable legislation and international standards of reference.

Compliant  Partially compliant  Explain

54. The corporate social responsibility policy must include the principles and commitments that the company takes on voluntarily in its relations with different stakeholders, identifying at least:
- a) The objectives of the corporate social responsibility policy and the development of the support tools.
  - b) The corporate strategy regarding sustainability, the environment and social matters.
  - c) The precise practices in matters regarding: shareholders, personnel, clients, suppliers, social matters, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
  - d) The methods or systems used to monitor the results of the application of the specific practices noted in the previous point, as well as the associated risks and management thereof.
  - e) The mechanisms for monitoring non-financial risks, ethics and business conduct. f) The main channels of communication, participation and dialogue with stakeholders.
  - g) The responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant  Partially compliant  Explain

Coinciding with the floating on the stock market of 66% of the company's capital in May 2015, Cellnex has carried out an internal and external analysis process with its stakeholders aiming to pinpoint priority measures in the area of corporate responsibility.

This process has been based on two fundamental premises: the first is the explicit commitment set out in the company's Board of Directors' Regulations to ensure compliance with and observation of ethical duties in business practices; and the second is the commitment to the concept of sustainability which inspired the Abertis corporate responsibility policy and has led to the continuation at Cellnex Telecom of the procedures, controls and good practices aimed at ensuring high standards in the area of sustainable business management.

This analysis and identification the significant areas that are priorities for Cellnex's stakeholders has culminated in the definition of the Corporate Responsibility Master Plan. Said Plan lays the foundations for the development of the company's Corporate Responsibility Policy, through which the organisation will respond to the material aspects highlighted by stakeholders by expressing principles and commitments related thereto. The creation of the Corporate Responsibility Master Plan has made it possible to update the analysis in terms of the material aspects, value chain and stakeholders that, specifically, define the reference framework for a telecommunications infrastructure operator such as Cellnex Telecom.

55. The company must provide information, in a separate document or in the management report, on the matters relating to corporate social responsibility, using one of the internationally accepted methodologies.

Compliant  Partially compliant  Explain

56. The remuneration of the directors should be that necessary to attract and retain directors with a desirable profile and to reward them for the dedication, qualifications and responsibility that the role requires, but not so high as to jeopardise the independent judgement of non-executive directors.

Compliant  Explain

57. Variable remuneration linked to company or individual performance, as well as remuneration in the form of shares, share options or rights over shares or share-based instruments and long-term savings systems such as pension plans, retirement systems and other social welfare systems shall only be available to executive directors.

The possibility of receiving remuneration in the form of shares can be considered for non-executive directors if they are obliged to keep these until the end of their directorship. This will not be applicable to shares that the director needs to dispose of, where applicable, to meet the costs related to their acquisition.

Compliant  Partially compliant  Explain

58. In the case of variable remuneration, remuneration policies should include limits and precise technical safeguards to ensure said remunerations reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector or other similar circumstances.

In particular, the variable components of remuneration must:

- a) Be linked to predetermined performance criteria that are measurable and said criteria must take into account the risk taken on to obtain a result.
- b) Promote the sustainability of the company and include non-financial criteria adequate for long-term value creation, such as compliance with the company's internal rules and procedures and risk control and management policies.
- c) Be configured based on a balance between short-, medium- and long-term objectives, which must allow the beneficiary to be rewarded for continued performance during a period of time that is sufficiently long to appreciate their contribution to sustainable value creation, therefore ensuring that the elements used to measure performance are not influenced by exceptional, occasional or extraordinary events.

Compliant  Partially compliant  Explain  Not applicable

59. The payment of a considerable part of the variable components of remuneration should be deferred for the minimum amount of time necessary to confirm that the performance conditions previously set out have been met.

Compliant  Partially compliant  Explain  Not applicable

60. Any remuneration linked to the company's earnings must take into account any qualifications that appear in the external auditor's report, which may lower said earnings.

Compliant  Partially compliant  Explain  Not applicable

61. A considerable percentage of executive directors' variable remuneration should be linked to the delivery of shares or financial instruments pegged to share value.

Compliant  Partially compliant  Explain  Not applicable

The long-term variable remuneration of the CEO is linked to the delivery of shares. The annual variable remuneration of the CEO for achieving objectives is not linked to the delivery of shares.

62. Once the shares or options or rights over shares set out in the remuneration systems have been issued, the directors are not permitted to transfer the ownership of an amount of shares equivalent to two times their fixed annual remuneration, nor may they exercise their options or rights until at least three years have elapsed since these were given to them.

This will not be applicable to shares that the director needs to dispose of, where applicable, to meet the costs related to their acquisition.

Compliant  Partially compliant  Explain  Not applicable

63. Contractual agreements should include a clause that allows the company to demand the return of variable components of remuneration when the payment thereof was not in accordance with the performance conditions or when they have been paid based on data which is later identified as incorrect.

Compliant  Partially compliant  Explain  Not applicable

64. Payments for contract termination must not be greater than the amount equivalent to two years of total annual remuneration and may not be paid until the company has been able to verify that the director has complied with the performance criteria previously set out.

Compliant  Partially compliant  Explain  Not applicable

## **M** OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect relating to the Corporate Governance practices followed by the company or group companies that has not been addressed in the other sections of this report and that is necessary to provide a more comprehensive and reasoned view of the corporate governance structure and practices at the company or group, provide a brief explanation.

2. In this section any other information, clarification or observation related to the above sections of this report can be included.

Specifically, indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided, when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or ethical principles or standard practices. If applicable, identify the code in question and its date of adoption.

Cellnex Telecom S.A. has adhered to the recommendations set out by the CNMV regarding discretionary treasury share operations, pursuant to the terms of the resolution dated 18 July 2013.

The company and its subsidiaries were affiliated to the Code of Good Taxation Practice as companies integrated into Abertis Infraestructuras, S.A.'s Tax Consolidation Group until 7 May 2015, the date on which its stock market flotation was accepted. The adhesion is planned for the second half of 2016.

#### CLARIFICATION 1

The information contained in section A.2. matches that contained in the official records of significant shareholdings of the CNMV.

It is noted that Threadneedle Asset Management Holding Limited informed the CNMV on 27 January 2016 of an indirect shareholding of 7.762% in Cellnex's share capital through various investment funds and other accounts. None of the said investment funds or accounts have a shareholding greater than 3%.

Furthermore, on 27 January 2016, Ameriprise Financial, Inc. informed the CNMV that its shareholding had fallen to 3%, in accordance with the provisions of Articles 26.1 and 26.2 of Royal Decree 1362/2007, of 19 October.

#### CLARIFICATION 2

Regarding section A.7, note that the main shareholder in the company is Abertis Infraestructuras, S.A. but it exercises no control because, as already highlighted in different sections of this report, it does not hold a majority capital stake nor has it appointed the majority of board members, and for this reason said company does not consolidate its results with those of Cellnex.

#### CLARIFICATION 3

Regarding section B.4., note that there was no General Shareholders' Meeting in 2015 after the date of the company's flotation on 7 May, when it ceased to be a single shareholder company, as stated on various sections of this report. As such, the figures contained in said section have only been included so that it could be filled in on the computer application.

#### CLARIFICATION 4

In various recommendations, compliance with certain aspects of the General Shareholders' Meeting is referred to. Cellnex has not yet held a General Shareholders' Meeting as until May 2015 it had a single shareholder. Nonetheless, it is stated that the recommendations are complied with because it is the company's intention to apply these when the first General Shareholders' Meeting takes place and/or these are set out in the internal regulations.

#### CLARIFICATION 5

As regards section C.1.37., note that the non-auditing work carried out by the auditing firm mainly corresponds to extraordinary work derived from the Company's flotation.

#### CLARIFICATION 6

As regards section C.2.1., the duties, procedures, organisation, operation and activities of the AUDIT AND REVIEW COMMITTEE are as follows:

#### RESPONSIBILITIES

As described in Article 23 section c.2 of Cellnex Telecom's Bylaws and in Article 15 of the Board Regulations, and without prejudice to other duties that are legally attributable to it or that may be entrusted to it by the Board of Directors, the Audit and Review Committee shall have at least the following basic responsibilities:

- a) To inform the General Shareholders' Meeting regarding the issues raised in relation to any matters for which the Committee is responsible.
- b) 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.
- c) To supervise the process of preparing and presenting the compulsory financial information as well as the integrity thereof.
- d) To establish the appropriate relations with the external accounts auditors or auditing firms in order to receive information on issues that may jeopardise the independence of the same, 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 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 accounts auditing.
- e) To issue, on an annual basis, prior to the issuing of the Audit Report, a report expressing an opinion on the independence of the accounts auditors or auditing firms. In all cases, this report must express an opinion on the provision of the additional services referred to in the foregoing paragraph, considered individually and as a whole, other than the legal audit and in relation to the independent status or to the legislation regulating auditing.
- f) To inform the Board of Directors in advance regarding all matters envisaged in the Law, the Corporate Bylaws and in the present Regulations and, in particular, concerning the financial information the company must publish periodically, concerning the creation or acquisition of shares in special purpose entities or those resident in jurisdictions considered as tax havens and concerning related-party transactions.
- g) To supervise compliance with the internal protocol on relations between the majority shareholder and the company and the companies of their respective groups, as well as to perform any other actions established in the protocol itself to better fulfil the above-mentioned supervision function.
- h) 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 the Board Regulations.
- i) To provide information on structural and corporate modification operations the company is planning to carry out, their economic terms and accounting impact and, in particular, where appropriate, on the exchange ratio.

j) To monitor 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 heads of the services, as well supervising the monitoring and control measures suitable 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 of the internal control system detected while carrying out the audit.

k) To supervise a mechanism that allows employees to confidentially report potentially relevant irregularities detected inside the company, especially those of a financial or accounting nature, as well as those that may entail criminal liability 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 Board of Directors or that are attributed by the legislation regulating accounts auditing.

## OPERATION

The Board Regulations shall establish the responsibilities of the Committee and its system of organisation and operation.

The Board will likewise appoint a chair from among the independent directors, who will be replaced every four years and may be re-elected once a period of one year has elapsed since his or her resignation. The Committee itself will appoint a Secretary and may appoint a Vice Secretary, neither of whom need to be members thereof.

The Audit and Review Committee will meet as many times as necessary for the execution of its functions and will be convened by its Chair, either on his or her own initiative or at the request of the chair of the Board of Directors, or of two committee members.

The Audit and Review Committee is validly assembled when the majority of its members attend in person or by proxy. Resolutions are adopted by the majority of the members attending, whether in person or by proxy.

Any member of the management team or Company personnel will be obliged to attend the Committee's sessions and to provide them with his/her assistance and access to the information s/he has available, if so requested. The Committee can also request that the company's auditors attend its sessions.

## ACTIVITIES

During 2015, the Audit and Review Committee met on seven occasions and carried out the following activities:

### a) Review of economic and financial information

#### • Half-yearly financial statements

o In July, the Audit and Review Committee reviewed the half-yearly financial statements with those responsible for preparing them, reviewed the conclusions of the external auditor and issued a favourable report to the Board of Directors regarding the approval of the half-yearly financial statements.

#### • Quarterly information

o In October, the Committee reviewed the results of the third quarter, discussing the same with those responsible for preparing them. The Committee issued a favourable report to the Board of Directors.

o In November, the consolidated financial statements for the third quarter were reviewed with those responsible for preparing them and the Committee received the conclusions of the limited review performed by the external auditor. The Committee issued a favourable report to the Board of Directors regarding the approval of the consolidated financial statements for the third quarter.

### b) Relationship with the auditors

o The Committee met with the accounts auditor in July to review: (i) the methodology and the plans for the audit work; (ii) the conclusions of the review of the consolidated financial statements for the first half of the year.

o The Committee met with the accounts auditor in November to learn the results of the limited review carried out of the consolidated financial statements for the third quarter.

o In December, the external auditors presented the Committee with the conclusions of the work carried out regarding the financial information control systems.

### c) Other information:

o Dividends: In November, after a detailed review of the revised financial information with those responsible for preparing it, the Committee reviewed the dividends policy and agreed to issue a favourable report to the Board of Directors regarding the proposed distribution.

o Refinancing and bond issues. In May, the Committee reviewed the main aspects of both the potential issuing of bonds and the new debt refinancing structure ("Refinancing Proposal") and issued a favourable report to the Board of Directors regarding the approval of the proposal. In June, those responsible for preparing the information updated the Refinancing Proposal and in July, the issuing of bonds and implementation of the Refinancing Proposal were confirmed.

### d) Policies

o Treasury stock policy approval and purchase authorisation. In its November meeting, the Committee reviewed the draft treasury stock policy sent in advance by those responsible for preparing it. The Committee agreed to issue a favourable report to the Board of Directors regarding its approval.

o In December, as parent company of the group, in accordance with Chapter IX of Part IX of Law 37/1992, of 28 December, on the special VAT scheme for groups of entities, the Committee proposed to the Board of Directors to make entries in the account during the financial year 2016 and subsequent periods in conformity with this law.

### e) System of Internal Control over Financial Reporting (ICFR)

o 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, Cellnex already had a model for internal control over financial reporting, even though some of these monitoring and auditing activities were part of Abertis's corporate functions. The adaptation of this model to the specific

needs of Cellnex as a listed entity have occupied the majority of the Committee's activities during this year.

o In this regard, the Audit and Review Committee has carried out the following ICFR-related activities in 2015:

- Monitoring the degree of implementation and potential changes to the ICFR model.

- Approval of ICFR review criteria.

- Development of the following manuals:

ICFR Organisation and Supervision Model

ICFR Internal Control and Risk Management Manual

Regulated Information Reporting Manual

o The Committee has held the necessary meetings with internal auditing and with the company's external auditors to review the ICFR requirements and analyse the evolution of the operational implementation of the ICFR.

o In December, it met with the company's external auditors to learn about the main aspects of the work carried out to identify any internal control weaknesses, as well as other relevant aspects of said work.

o Finally, the Committee has reviewed all the financial information the company has published on the market.

f) Overseeing internal auditing.

• Functions. The main functions of internal auditing are as follows:

o Carrying out the audit work according to an Annual Audit Plan, based on a reasonable, grounded approach, especially in the assessment of the risk level, and paying attention to the organisation's main activities, prioritising those considered most exposed to risk and any requested by senior management.

o Maintaining appropriate coordination with the external auditor to exchange information on the reviews undertaken in order to minimise duplication and monitor the reviews conducted, as well as the internal control weaknesses identified.

o Informing the Audit and Review Committee and the senior management of the Cellnex Group of the main recommendations for each of the companies as well as those regarding the actions to be taken by the company.

• Activities. Noteworthy activities carried out by internal auditing, under the supervision of the Audit and Review Committee, from July 2015 onwards, include the following:

o Audits

- Carrying out the audits included in the Audit Plan for the 2015 financial year.

- Monitoring the recommendations proposed in the audits.

o 2016 Audit Plan. The Audit and Review Committee approved the 2016 Annual Audit Plan during its October meeting, based on:

- Assessing the risk level and paying attention to the organisation's main activities, prioritising those considered most exposed to risk and any requested by senior management.

- Determining the activities to be reviewed according to whether they are basic processes (income, purchases, etc.), other processes (equity, etc.) or regulatory compliance (ICFR, other).

g) Risk control

This function is carried out through internal auditing.

• Functions. Internal auditing establishes the mechanisms to identify, assess, prioritise and monitor the risks defined by the various areas in order to minimise them.

• Activities. The activities carried out by internal auditing from July 2015, under the supervision of the Audit and Review Committee, were the following:

o Reviewing the risk map: the risks were reviewed in July (including description and impact).

o Monitoring the main changes in risks during the October and December meetings.

o In December, approving the risk management policy.

The risk map will be updated during the 2016 financial year and a risk map will be designed for Cellnex Italia.

f) Ethical channel

Review of the degree of implementation of the ethical channel. This channel establishes the procedure through which the company can learn of any irregularities identified. This document is on the company's intranet and website and came into operation in December.

#### CLARIFICATION 7

The procedures, rules of organisation, operation and activities of the NOMINATION AND REMUNERATION COMMITTEE are as follows:

#### OPERATION

In accordance with the provisions of the Corporate Bylaws and the Board Regulations, the Board of Directors will appoint a chair from among the independent directors, who will be replaced every four years and may be re-elected once a period of one year has elapsed since his or her resignation. The Nomination and Remuneration Committee will appoint a Secretary and may appoint a Vice Secretary, neither of whom need to be members thereof.

The Nomination and Remuneration Committee will meet every time the company's Board of Directors or its chair requests 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 or her own initiative or at the request of the chair of the Board of Directors or of two members of the Committee itself.

It will be validly assembled when the majority of its members attend in person or by proxy. Resolutions will be adopted by the majority of the members attending, whether in person or by proxy.

The rules of operation of the Board of Directors will be applied to the Nomination and Remuneration Committee whenever they apply

and on a supplementary basis.

## RESPONSIBILITIES

Without prejudice to other duties that are legally attributable to it or that may be entrusted to it by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:

- a) to evaluate the competences, knowledge and experience needed in the Board of Directors. To that end, it will define the functions and aptitudes required of the candidates who should fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties;
- b) to establish a representation target for the under-represented sex on the Board of Directors and to prepare guidelines about how to achieve this target;
- c) to submit to the Board of Directors the proposals for nomination of independent directors for their appointment by co-optation or for the submission thereof to the decision of the General Shareholders' Meeting, as well as the proposals for re-election or dismissal of these directors by the General Shareholders' Meeting;
- d) to report the proposals for nomination of the other directors for their appointment by co-optation or for the submission thereof to the decision of the General Shareholders' Meeting, as well as the proposals for their re-election or dismissal by the General Shareholders' Meeting;
- e) to report the proposals for nomination and dismissal of senior management and the basic conditions of their contracts;
- f) to report prior to the appointments by the Board of Directors of the chair and, where appropriate, of one or several vice chairs, as well as the appointments of the Secretary and, where appropriate, of one or several Vice Secretaries. The same procedure will be followed to agree to dismiss the Secretary and, where appropriate, each Vice Secretary;
- d) to examine and organise the succession of the chair of the Board of Directors and the chief executive of the company and, where appropriate, to make proposals to the Board of Directors so that the handover takes place in an orderly and planned manner;
- h) to propose to the Board of Directors the remuneration policy for the directors and general managers or for whomever performs the roles of senior management under the direct authority of the Board of Directors, for executive committees or for CEOs, as well as the individual remuneration and other contractual conditions of executive directors, ensuring that these are observed;
- i) to propose to the Board of Directors the members who should form part of each of the committees;
- j) to regularly review the remuneration programmes, considering their suitability and returns;
- k) to propose to the Board of Directors for submission to a non-binding vote at the General Shareholders' Meeting, the preparation of an annual report on the remuneration of its Directors, pursuant to Article 541 of the Spanish Limited Liability Companies Law or any other provision that may replace it in future;
- l) to consider the suggestions put to it by the chair of the Board of Directors, Board members, executives or shareholders of the company;
- m) to report on the nomination and removal of executives under the direct authority of the Board of Directors or any of its members, as well as the establishment of the basic conditions of their contracts, including on remuneration, and to likewise report on the decisions regarding director remuneration within the statutory framework and, where appropriate, on the remuneration policy approved by the General Shareholders' Meeting;
- n) to monitor compliance with the corporate governance rules and internal codes of conduct;
- o) to follow the corporate social responsibility practices and strategy and assess the degree of compliance therewith.

## ACTIVITIES

Since the Nomination and Remuneration Committee was formed in mid-April, only three meetings have been held and the following actions have been carried out:

### (A) NRC organisational activities:

Javier Martí de Vesés Estades (General Secretary and Secretary of the Board) was appointed Secretary of the NRC in June, and the meeting schedule for the year was set.

The NRC also approved an expenses policy for travel undertaken by directors in order to attend Board meetings (travel and stay).

### (B) Activities related to the Code of Ethics:

The Committee promoted the preparation of a Code of Ethics and analysed and reviewed its content, issuing a favourable report to the Board of Directors regarding its approval.

It also proposed to the Board that an Ethics and Crime Prevention Committee be formed, comprising the following people:

- Chair: Javier Martí de Vesés Estades (General Secretary)
- Member: Rosa Piñol Raurich (Resource Manager)
- Member: José María Miralles Prieto (Legal Department Manager)
- Member: Sergio Martínez Pie (Internal Auditing Manager)

Moreover, it assigned one of the first tasks of this Committee, which was to prepare an ethical channel that establishes the procedure to communicate any irregularities identified by employees. Finally, the NRC ensured that all this documentation was duly forwarded to employees. To this end, the Code of Ethics, Corruption Prevention Regulation and Ethics Channel were communicated separately to all the employees of the Group and posted both on the company's intranet as well as its website.

### (C) Activities related to senior management remuneration:

The Committee analysed the senior management remuneration policy, consisting of a fixed salary, variable target-based remuneration and a long-term incentive for certain people. The NRC considered that the proposed targets for 2015 were appropriate.

As regards the Long-Term Incentive Plan, the NRC considered it appropriate not only to link compliance therewith to the performance of company shares, but also to other kinds of indicators (EBITDA), making a proposal in this regard to the Board of Directors. Moreover, the remuneration for the CEO was reviewed, preparing a proposal based on a benchmark created by an independent company.

The NRC also analysed the remuneration for senior management personnel (those reporting directly to the CEO) to be applied starting in 2016, making the pertinent proposal for approval by the Board.

### (D) Talent management:

The NRC analysed the actions taken to date by the management and the projects for 2016, which essentially consist of the Succession Plan and the High Potential Program.

The results of the Q360 done on senior management were also analysed, so that an Individual Development Plan may be defined for each manager. In that regard, the NRC proposed that the Board approve a new target-based management model for 2016 that is more simplified, with individual targets of a qualitative nature and a focus on the alignment of Group targets vs. strategy, and including the targets regarding the Individual Development Plan that is defined for each executive as one of the individual senior

management targets.

All these projects aim to improve talent management and to establish a succession plan for key positions within the company.

(E) Policies:

The NRC is working on various policies, regarding which it plans to issue reports at the beginning of 2016. Specifically: Director Selection and Nomination Policy, Director Remuneration Policy, Communication and Contact Policy, Corporate Social Responsibility Policy.

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 18/02/2016.

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes

No