cellnex
driving telecom connectivity

**We
connect
people**

INTEGRATED
ANNUAL
REPORT

2016

SUMMARY

ALIGNING EXPECTATIONS AND RESULTS

A CONVERSATION WITH CELLNEX CHAIRMAN FRANCISCO REYNÉS, AND CEO TOBIAS MARTÍNEZ

Link to video

A CONVERSATION WITH CELLNEX CHAIRMAN FRANCISCO REYNÉS, AND CEO TOBIAS MARTÍNEZ, COVERING THE MOST IMPORTANT ASPECTS OF THE FINANCIAL YEAR 2016 FOR TELECOM CELLNEX.

Question: 2016 was the first full year for Cellnex Telecom as a listed, independent company. In your view, what message would best summarise the achievements of the year?

Francisco Reynés: I would highlight the strong alignment between the objectives set and the results achieved. 20 months after it was floated on the stock exchange, the history of Cellnex continues to embody the outstanding performance of a team maximising our growth options and achieving the right size. Let us not forget that this is a project in which presence in various markets in which our customers also operate and scale are key factors for the sustainability of the business model. In any case, just as important as achieving the necessary size and scale is integrating this growth into the daily activity of the company, in its management processes, ensuring compliance and quality service to our customers. Along with inorganic growth, we must show the market that are able to continue exploiting the organic growth potential of our portfolio of services.

Tobias Martínez: The figures bear out what the Chairman has indicated. The 2016 figures depict a company that closed a financial year with 15% growth in revenue, a 23% increase in EBITDA and a recurring free cash flow that was up 29%. These figures reflect the combined effect of the enlarged perimeter and the organic growth in business.

The information that we present to the market quarter after quarter bears witness to our compliance in both the inorganic and the organic vector. Regarding this last point, the results for 2016 on a like-for-like basis point to 4,5% inter-annual growth in the equipment rolled out in our infrastructures. We have increased points of presence in our locations by more than 200 every quarter, placing the customer ratio at 1,62, compared to 1,53 at the close of 2015. This is occurring in a context in which the telecommunications sector in Europe is not growing, low inflation of 1,1% in 2016 and GDP for the entire EU of around 1,5%.

This organic growth must also be projected onto a continually expanding perimeter, providing greater potential for the company. I think it is worth noting that the company has nearly doubled its revenue in the last four years and has expanded its presence to five countries.

GRI: G4-DMA, G4-1, G4-2, G4-14, G4-37, EC2

THE CONSENSUS
OF ANALYSTS
WHO FOLLOW OUR
COMPANY HAVE BASED
THEIR OPINION ON
OUR FUNDAMENTALS
TO MAINTAIN A CLEAR
RECOMMENDATION
TO BUY (67%), WITH A
TARGET PRICE WELL
ABOVE €17.

Q: However, after a very positive 2015, the company's share price has not reflected this positive trend ...

FR: I would underline two elements with regard to Cellnex shares. Firstly, the inclusion in the selective IBEX 35 index, which brings together the main companies of the Spanish stock market in terms of capitalisation and, fundamentally, in terms of trading volume and therefore liquidity. Joining the IBEX 35 helped to broaden the company's shareholder base, has increased the visibility of our shares and has attracted interest from shareholders who tend to focus on selective stock, providing our stock with greater liquidity.

The second element that I would weigh up here is the relative performance of the telecommunications sector and, more specifically, our comparables in the sector. The financial year was marked by significant volatility with geopolitical factors increasing uncertainty and influencing share prices. In spite of this, the company performed 14% better than the selective IBEX 35 index from its launch onto the market in May 2015 up to the end of 2016.

In this volatile environment it is vital to bring the industrial vision of Cellnex's model to the fore. Our shareholder base is very solid. Some of the reference shareholders have extended their positions as they share this long-term vision; and the consensus of analysts who follow our company have based their opinion on our fundamentals to maintain a clear recommendation to buy (67%), with a target price well above €17. Clearly we cannot anticipate changes in the stock market but the company's fundamentals expressed in the recurrence and strength of its flows, attractive and realistic like-for-like organic growth, and the potential for consolidation in Europe in the coming years provide visibility, solidity and predictability. One fact that backs up this assessment is the portfolio of existing contracts, which was over €8 billion at 31 December and had increased to €12 billion following the agreement reached with Bouygues Telecom in France on 1 February to incorporate up to 3,000 new sites over the next five years. This amount is equivalent to 14 years in terms of current revenues.

Q: Cellnex Telecom invested nearly €1.5 billion in growth operations from 2014 up until the close of 2016. This has diversified its business base and has also expanded its presence in Europe. What is the limit?

TM: The step change in size and the transformation of Cellnex has indeed been remarkable. In four years we have moved from being virtually a single-product company, focused on the broadcasting business, to become a diversified company in which voice and data mobility transmission infrastructure is the driver of growth and which has already taken the lead, accounting for more than 55% of revenue. We have also gone from being a company focused on a single market to become a European company present in five countries with 40% of revenues generated outside Spain.

It is difficult to set the limit. That will be the result of a combination of factors. Of our ability to continue to demonstrate the effectiveness of a business model based on the concept of neutrality and independence that lends credibility to the network access operators that are our customers and which, thanks to this neutrality, feel compelled to outsource infrastructures which, still today, they mostly hold on their balance sheets.

We need only to see that in the Europe of 28 there are more than 300,000 towers and sites, only 11% or 12% of which are run by independent operators. In the U.S., more than 80% of non-urban sites are outsourced, as are almost 35% of the total, if we include the urban ones. This market did not exist in Europe just five years ago. The potential is therefore enormous. I am sure the limit will be marked more by the speed at which network access operators outsource, and the capacity that we have as infrastructure operators to integrate these assets both from a financial and a management point of view.

Let us add, in the medium term, what may result from the need to densify the existing network of sites, the connectivity of which must be improved with optical fibre, supplemented with what are known as small cells, which will be both a structural element in the urban public space, as in large buildings, stadiums, shopping centres, etc. Only then will it be possible to ensure reliable access to permanent uninterrupted network coverage with sufficient capacity for applications based on the new 5G standard and the emerging IoT. This is a much more demanding connectivity based on a network that above all must be resilient with no more "blank spaces" without proper coverage and capacity.

Q: If the limit is not in the potential market, it could be in the capacity to finance this growth. What is Cellnex's strategy regarding management of its balance sheet?

FR: Cellnex has a very stable debt structure. The corporate bonds issued in 2015 (€600 million) and 2016 (€750 million in August and €65 million in December), will mature only in 2022, 2024 and 2032 respectively. There is a fixed interest rate for 86% of the debt with an average cost of 2.6% at the close of 2016, which is among the lowest of listed companies in Spain. The company also has access to immediate funding lines which, together with its cash and banks position, stand at €1.8 billion.

TM: With this debt structure, and considering that market trends continue to point to low interest rates - even considering the change of trend brought about by the Fed - and that the liquidity of debt markets remains high, the first option for funding new operations would be access to borrowing. Let us not ignore the company's powerful cash generation that helps it reduce the net debt/EBITDA ratio to a multiple of 0.6x each year. In any case this does not exclude us from assessing other instruments, such as bringing financial partners on board, which may be considered according to the type of growth operations that the company could undertake.

Q: In a young company like Cellnex, from the point of view of its IPO and its entry into the IBEX 35, rolling out the model of corporate governance and the policies that accompany it is key. What were the milestones in this area in 2016?

FR: Our youth has partly been an opportunity, which we have seized, to establish a very compact corporate governance right from the outset, with 9 directors, extendible to 13, of which 4 are independents who also chair both of the Board's committees - Audit and Control and Appointments and Remuneration.

We can say that the degree of compliance with the recommendations of the Code of Good Governance is high. We can improve on this, and are committed to doing so. At the General Shareholders' Meeting for the financial year 2015 we indicated that we planned to increase our base of independent directors, which is already large. This has already happened, and we shall be submitting a proposal to the Shareholders Meeting for FY 2016 to increase the Board to ten members, bringing in the new independent director Marieta del Rivero. In this way we have bolstered the number of independents and are moving forward to comply with recommendations on gender diversity.

2016 was very much the continuation of our approach in 2015 to formulating and rolling out all the policies for ensuring consistency in the governance of the entire company in each of its business areas and functions as well as in the various countries. This is perhaps one of the main challenges we face, since growing in various countries also means ensuring that they all adopt the same criteria and that we can work guided by shared values and principles.

2016 WAS VERY MUCH THE CONTINUATION OF OUR APPROACH IN 2015 TO FORMULATING AND ROLLING OUT ALL THE POLICIES FOR ENSURING CONSISTENCY IN THE GOVERNANCE OF THE ENTIRE COMPANY.

ALL OF US WHO ARE PART OF THE CELLNEX PROJECT ACTING INDIVIDUALLY IN A RESPONSIBLE WAY AND BECAUSE WE SHARE A SET OF VALUES AND PRINCIPLES THAT REFLECT A WAY OF UNDERSTANDING THE MARKET THAT IS BASED ON COMPETENCIES, AND BY EXTENSION ON INNOVATION AND MERIT AS OUR WATCHWORDS.

Formulating and disseminating policies - corporate responsibility, company fiscal strategy, the rules of procedure of the General Meeting and the Board themselves, as well as the Internal Code of Conduct, or extension and effective enforcement to prevent corruption, making available the ethical channel, and the work of the Ethics Committee and compliance - are bringing us ever closer to the standards of the best out there.

TM: Transparency is one of the clearest indicators for gauging the degree of compliance with good corporate governance and correspondence with the best practices in this field. In this regard it is worth recalling here that Cellnex Telecom has been ranked second by the Chamber of Commerce of Barcelona among the 30 companies analysed by the Chamber in a study[1] in collaboration with the Institute of Financial Studies - including virtually the entire IBEX 35 - for quality, reliability, frequency and scope of the information that publicly-held companies release to the markets, their stakeholders and shareholders.

Q: Turning to Good Corporate Governance, you have referred to the formulation of the Corporate Responsibility policy. What progress has been made in this area?

FR: Having a properly formalised policy does not make us more responsible as a company. That responsibility comes from all of us who are part of the Cellnex project acting individually in a responsible way and because we share a set of values and principles that reflect a way of understanding the market that is based on competencies, and by extension on innovation and merit as our watchwords. With programmes aimed at building our teams' capacities, identifying talent, strengthening it, promoting employability, growth from a gender diversity and origin perspective. Taking part in programmes to support initiatives that promote the transfer of knowledge in the form of applied innovation and entrepreneurship projects. This an open innovation formula that combines knowledge-creation and innovation, which is fitting for a company with its own driving force, with access to advanced information regarding the state of the art of technology and new developments that can impact on our business model in one way or another.

TM: As part of this process of building the project and gradually adopting policies and best practices, in 2016 we began the actual rollout of the five pillars on which the Corporate Responsibility Plan 2016-2020 is built. Here are some figures that show the progress achieved: 76% of the lines of action structuring the Plan are already underway and 34% of the actions have already been achieved.

Our ambition is to gauge our compliance step by step. During 2016 we conducted a "shadow rating" analysis to compare our progress in relation to some of the leading global sustainability indices, including the Dow Jones Sustainability Index. This allows us to identify our weaknesses - and our strengths - and therefore indicate where we need to apply measures for improvement. That said, it should also be noted that, according to the information reported to the Carbon Disclosure Project (CDP), Cellnex Telecom was rated as the best Spanish company that had joined the CDP[2] in 2016 to compare the company's progress in sustainability and its environmental impact.

Q: And finally, what can we see in terms of what financial year 2017 might hold?

TM: We need to differentiate clearly between inorganic growth and like-for-like growth. We have already mentioned this. The underlying conditions in the telecommunications sector in Europe are not going to change to any large degree. It is a mature market with well-established players in which the base of end customers is not growing, while competition in the supply of services and prices is. This will continue to exert pressure on the margins of all industry players: we must continue to invest by offering content and services based on broadband services and will need to continue investing in infrastructure and equipment that can ensure the provision of current and future services.

The value proposal of operators like Cellnex can be attractive for network access operators - our customers - to improve their profitability by reducing their network operation costs by outsourcing it and sharing it through a neutral operator. That trend is hard to reverse and will continue to increase over the coming years beyond 2017. Therefore, on a like-for-like basis, organic growth understood in terms of site occupancy ratio and the amount of equipment installed in these sites, we think will continue to grow at around 3% - 4%.

Placing this in a context of relatively low inflation, of a broadcasting business with a still significant and solid weight but stable in its key figures, and with European GDP experiencing moderate growth, we understand these key figures are at once reasonable and attractive. In any case, it is a growth on the basis of a perimeter that can continue to expand via new acquisitions and business lines such as DAS, small cells or Internet of Things solutions, which are going to increase in volume and weight over the coming years.

Cellnex is aligning results and expectations thanks to a combination of ambition and realism.

CELLNEX 2016: MILESTONES AND KEY FIGURES

CELLNEX, A MODEL FOR GROWTH

CELLNEX'S BUSINESS MODEL IS BASED ON THE PROVISION AND SHARING OF TELECOMMUNICATIONS ASSETS WITH SERVICE OPERATORS, ACTING AS AN INDEPENDENT AND NEUTRAL INFRASTRUCTURE.

Cellnex was created in 2015 with the goal of becoming Europe's leading telecommunications infrastructure manager by providing a secure, high-quality service tailored to the needs of its customers. As such, Cellnex conducts its business as a broadcast network operator in three main areas of service: infrastructure services for mobile telecommunications operators, broadcasting infrastructure and network services.

Cellnex's Business Model is based on the provision and sharing of telecommunications assets with service operators, acting as an independent and neutral infrastructure provider for telecommunications operators. This business model focuses on innovative, efficient, sustainable, independent and quality management to created value for its shareholders, customers, employees and all stakeholders.

Today, Cellnex has successfully become the leading European independent wireless telecommunications infrastructure operator, with more than 19,000 sites located in Italy, Spain, France, the Netherlands and the UK. Cellnex thus provides services through its customers to more than 200 million people throughout Europe.

GRI: G4-DMA, G4-6, G4-8, G4-13

2016: GROWTH, INTERNATIONALISATION AND TRANSFORMATIONAL STIMULUS

CELLNEX HAS SUCCESSFULLY CONSOLIDATED ITS BUSINESS MODEL BY CAPTURING ORGANIC GROWTH OPPORTUNITIES AND DEVELOPING ITS INTERNATIONALISATION DRIVE.

After a successful 2015 marked by its IPO, the integration of Italy and the consolidation of organisational changes, in 2016 Cellnex continued to deliver on its commitment to generate sustained value in the short, medium and long term. In this regard, the organisation has successfully consolidated its business model by capturing organic growth opportunities and developing its internationalisation drive.

Growth

In 2016 Cellnex exceeded expectations in terms of business development, experiencing significant growth - both organically and through acquisitions - with high growth potential.

Its solid organic quarter-after-quarter growth demonstrates the company's ability to exceed expectations and improve the performance of the telecommunications sector in Europe. This trend is due to various factors, such as:

- The Telecommunications Infrastructure Services business showed sustained growth with new POP's and new DAS nodes.

  — POP's +4.5% in organic growth. Multi-client by 4G rollout, reducing the number of areas without coverage and increasing network densification.

  — POP's +19% growth overall. Including change in perimeter.

  — DAS nodes +13% (+8% since the acquisition of Commscon in Sep2016). Future driver of growth in telecom infrastructure services.

PROGRESSION PoPs (ORGANIC GROWTH)
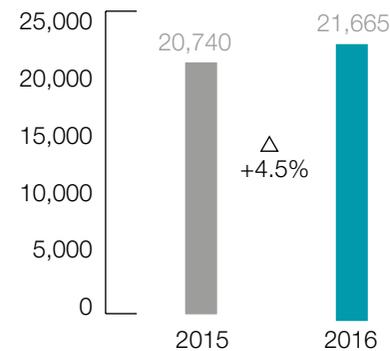
PROGRESSION PoPs (TOTAL)
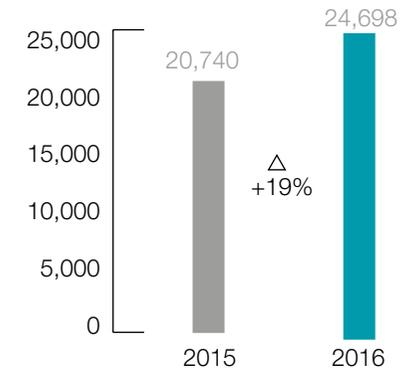
PROGRESSION DAS NODES
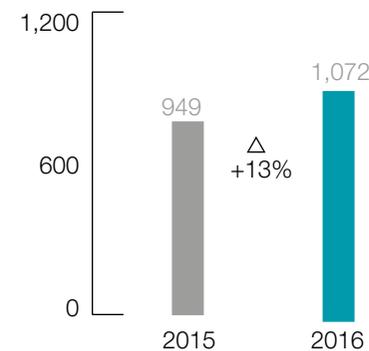
- In broadcast infrastructures and network services, the highlights are the new private TV channels that are now broadcasting, the renewal of the contract for Security System for Maritime Global Hazard in Spain, the contract with Barcelona City Council to develop an operating system in the Smart Cities context and the development of a WiFi network based on WiMax technology for maritime transport services in the Balearic Islands.

Expansion of international presence

Internationalising via mergers and acquisitions is a basic pillar of the Cellnex strategy. The company's internationalisation plan began in 2015 with the agreement with the Italian mobile operator WIND to control the Italian company GALATA. This operation involved incorporating 7,377 telecommunications sites and infrastructure in Italy.

The expansion continued in 2016, increasing Cellnex's presence in central and northern Europe, and by the end of the year 50% of adjusted EBITDA was already generated outside Spain. The timeframe of acquisitions this financial year was as follows:

1) In the second quarter of 2016 Cellnex agreed to buy 100% of Protelindo Netherlands, B.V. from the Indonesian group PT Sarana Menara Nusanta. Cellnex opened its doors to the central and northern European markets, investing €109 million in this acquisition that was to bring long-term stable flows, since 75% of revenues are linked to contracts lasting until 2028. In addition, the Netherlands is a market with an established presence of independent telecommunications network operators, with the potential to capture synergies among the networks rolled out.

INTERNATIONALISING VIA MERGERS AND ACQUISITIONS IS A BASIC PILLAR OF THE CELLNEX STRATEGY.

Towerlink Netherlands has 261 towers spread over the entire territory of the Netherlands. 80% of these infrastructures are located in areas close to the main national road corridors, accentuating their appeal as a location for mobile telephony operators' equipment. The remaining 20% are located in urban and rural areas. It is worth pointing out that the consumer ratio of the Towerlink sites is 1.88.

578 Sites	725 Sites
7.415 Sites	500 Sites
	8.805 Sites
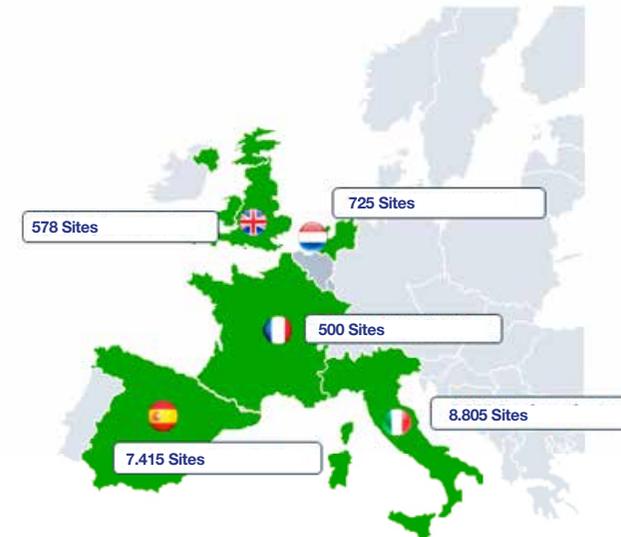
The company provides development, operation and maintenance services for (inter)national telephone communications and data transfer. Its main source of revenue comes from telecommunications infrastructure services to third parties

2) In the second quarter of 2016, Cellnex Italia, S.r.l. closed the acquisition of the Italian company CommsCon. This purchase, which represented an investment of €18.65 million, confirms Cellnex's strategic commitment to the Italian market and also to the small cells technology or coverage solutions for large open spaces with a high concentration of users.

CommsCon specialises in providing coverage to mobile operators in high-traffic areas such as airports, hospitals, stadiums, large offices, etc. The company operates 85 rooms in Italy housing 720 base transceiver stations (BTS) that channel data traffic These rooms connect in turn to 12,200 small antennas in so-called DAS (Distributed Antenna Systems) operated by CommsCon

THE EXPANSION CONTINUED IN 2016, INCREASING CELLNEX'S PRESENCE IN CENTRAL AND NORTHERN EUROPE, AND BY THE END OF THE YEAR 50% OF ADJUSTED EBITDA WAS ALREADY GENERATED OUTSIDE SPAIN.

3) In the third quarter of 2016, Cellnex announced its entry into France with the acquisition, in a first phase, of 230 telecommunication towers from Bouygues Telecom for €80 million. This operation opens a long-term industrial collaboration with Bouygues Telecom to assist in the implementation of mobile broadband based on 4G and 5G standards. In December, Cellnex closed the second phase of the agreement, which led it to incorporate 270 new towers for €67 million, reaching a total of 500 towers in France. Also, in February 2017, it reached a new agreement with Bouygues covering two projects; the first involves incorporating 1,800 already operational sites over the next two years, for €500 million, and the second is for building up to 1,200 new towers to be rolled out over the next five years, with an estimated €354 million investment.

4) In the third quarter of 2016 Cellnex also agreed to buy 100% of Shere Group from the Arcus Infrastructure Partners infrastructure fund. The transaction involved an investment of €393 million and the incorporation of 464 mobile sites in the Netherlands plus 540 in the UK. This acquisition has special strategic significance, since it marks Cellnex's entry into a very dynamic market with a high degree of outsourcing of telecommunications infrastructure management.

Shere Masten has one of the largest portfolios of wireless communications towers and sites in the UK and the Netherlands. In the Netherlands it holds a portfolio of 462 telecommunication sites for the distribution of mobile communication and telecommunication data. The customers to which it rents include the mobile network operators KPN, Vodafone, T-Mobile and Tele2.

In the UK, Shere has 540 sites which it rents to the key mobile telephony operators on the market, as well as radio and television broadcasters, public safety radios, microwave broadcasters and other wireless communications services.

Furthermore, in the UK Shere enjoys exclusive access to more than 4,150 potential wireless points that have not yet been built, with a ground footprint covering the first and second largest population centres in the country.

FRANCIA

● Only network with c.85% of sites in areas with a population higher than 400 thousand inhabitants; growth projects through a programme of building sites and a potential rollout of 4G/5G/DAS/small cells

● Master services agreement (MSA) with BT for an initial period of 15 years with Bouygues Telecom with a fixed annual increase of 2%

● MSA represents a new standard in the tower industry: advanced industrial services accompanied by an innovative accounting approach (no debt for mobile operators and non-compliance with FRS 16)

● Agreement on assets (not shares) for a total of €854Mn; with a 13x adjusted EV/EBITDA over a base run rate since the investment is fully deductible

● Funded with a combination of available cash and future cash flows from Cellnex France

● Validation of Cellnex's M&A strategy based on acquisitions of initial portfolios of assets allowing subsequent agreements with MNOs

| | Commscon | Protelindo | Bouygues | Shere FR | Shere ENG | Bouygues | |
						Acquisition of sites	Building of sites
No of sites	949 DAS nodes	261	500	464	540	Up to 1,800[1]	/ 1,200[2]
Consumer ratio		1.9x	1.3x	2.7x	1.6x	1.06x	1.00x

1 In 2 years

2 In 5 years

THIS TRANSFORMATION
IS BASED ON
PILLARS SUCH AS
TRANSPARENCY
AND COMPLIANCE
AND ATTENTION TO
ETHICAL PRINCIPLES OF
INTEGRITY, HONESTY,
RESPECT FOR DIVERSITY,
INTEGRATION AND
EQUAL OPPORTUNITIES

In addition to all of these acquisitions important agreements have been struck with telecommunications operators and significant steps taken to support growth in DAS projects. In this connection, an important partnership was signed with JC Decaux in February 2017 to provide a comprehensive end-to-end solution for network access operators and public administrations in Spain and Italy to roll out small cells and DAS technologies to accelerate the densification and development of mobile broadband services.

A transformational stimulus

Since its IPO in 2015, Cellnex has stimulated a broad-based transformation to respond to organisational challenges, in the operational and the strategic management of the company. This stimulus has involved formalising policies and procedures, consolidating sound corporate governance structures and implementing a project to transform management to achieve its strategic objectives.

This transformation is based on pillars such as transparency and compliance and attention to ethical principles of integrity, honesty, respect for diversity, integration and equal opportunities.
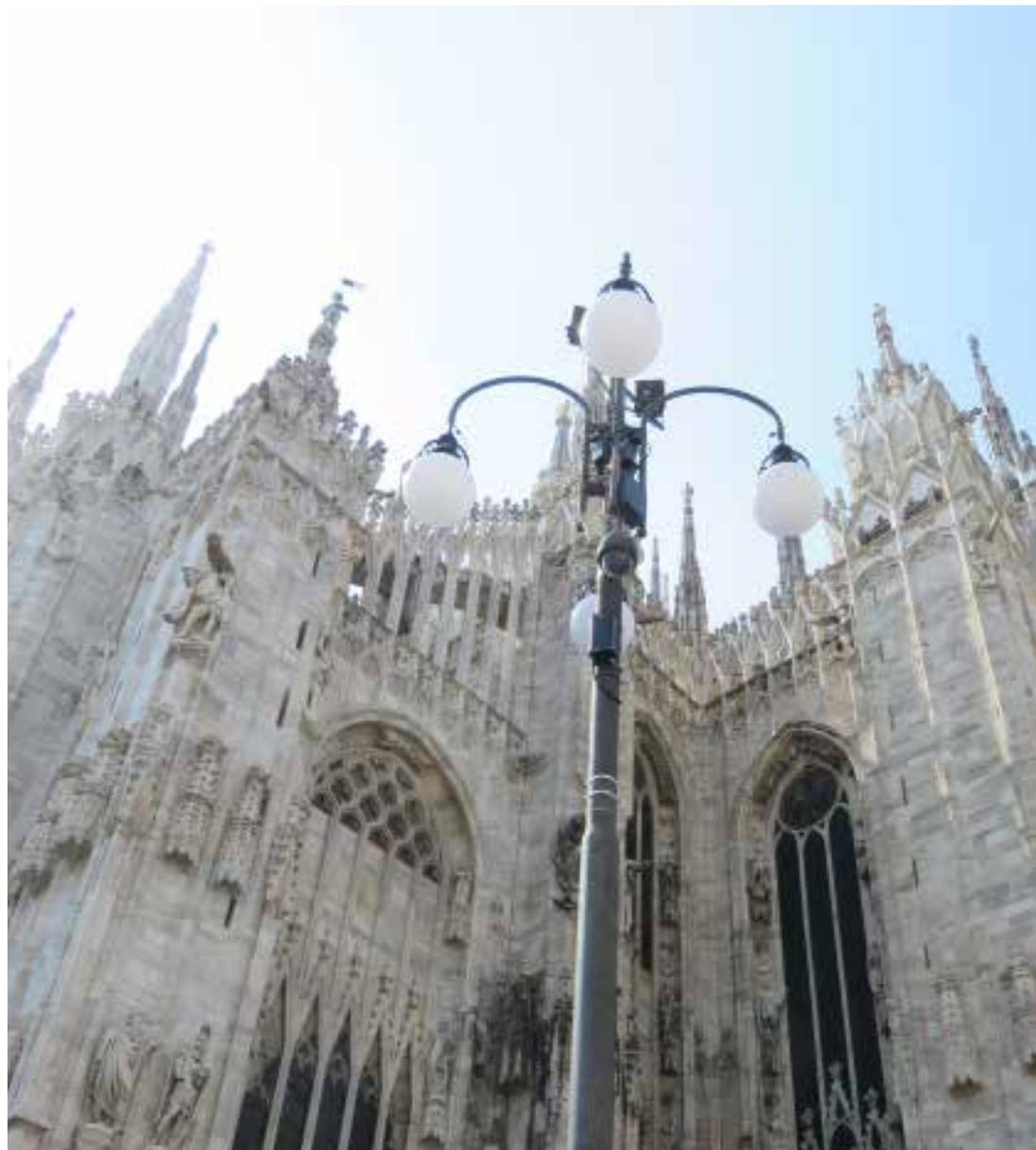
2016 AT A GLANCE

RESULTS FOR THE WHOLE YEAR

ABOVE MARKET FORECASTS AND EXPECTATIONS

IMPROVING BUSINESS RISK PROFILE

GEOGRAPHICAL AND CUSTOMER DIVERSIFICATION

SOLID ORGANIC GROWTH

NEW REVENUE LEVERS AND EFFICIENCY PROGRAMME ON TRACK

INTERNATIONAL RECOGNITION

INDEX IBEX 35
FTSE4GOOD
BEST NEWCOMER SPAIN
2016 CDP

DAS & SMALL CELLS (COMMSCON)

PREPARING FOR FUTURE NETWORK DENSIFICATION NEEDS

GROWTH IN EUROPE

OF PROTELINDO, BOUYGUES TOWERS, SHERE GROUP AND COMMSCON

SOLID CAPITAL STRUCTURE

WITH LONG-TERM MATURITIES AND ATTRACTIVE FIXED COSTS
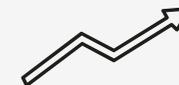
INTENSE COMMERCIAL ACTIVITY WENT HAND IN HAND WITH EFFICIENT FINANCIAL MANAGEMENT

Intense commercial activity went hand in hand with efficient financial management The value creation levers of the company's financial management include:

- **Operational management:** stable like-for-like OPEX as a result of cost containment achieved by implementing the Efficiency Plan for 2016-2019.

- **Finance management:** after issuing the second bond in August 2016 for €750 million, with a due date of 2024 and a coupon of 2.375%, the company obtained a long-term capital structure and cost efficiency.

- **Working capital management:** a 87% cash conversion ratio through efficient management of working capital focused on revenue collection and fiscal management measures.

KEY FIGURES

CELLNEX SHARES
PERFORMED 14%
BETTER THAN THE
SELECTIVE IBEX 35 INDEX
FROM ITS LAUNCH ONTO
THE MARKET IN MAY
2015.

**For more information see
Consolidated Financial
Statements**

Stock market figures: Cellnex on the stock market

This milestone brought with it an expansion of the shareholder base, providing Cellnex greater liquidity and making it more attractive to investors. At present Cellnex has a solid shareholder base and the consensus of analysts who follow our company maintain a majority recommendation to buy.

Cellnex's share capital amounts to €57,920,810 and is divided into 231,683,240 ordinary shares with a nominal value of €0.25 each, of a single class and series, fully subscribed and paid up. Each share carries one vote.

Cellnex's capitalisation at 31 December 2016 was €3.166 billion. The financial year was marked by significant stock market volatility caused by political and market uncertainty, in spite of which Cellnex shares performed 14% better than the selective IBEX 35 index from its launch onto the market in May 2015.

On the stock market

€3,166MN
CAPITALISATION ON 30 DECEMBER
2016

**LEADING INDEPENDENT
EUROPEAN WIRELESS**
TELECOMUNICATIONS
INFRASTRUCTURE
OPERATOR

Progression of Cellnex shares

14.00 €/share   13.7 €/share

7/05/2015   31/12/2016

Progression of Cellnex shares vs IBEX 35

CELLNEX **-2.4%**

IBEX 35 **-16.2%**

7/05/2015   31/12/2016

Financial and operating figures

The breakdown of the main financial and operating figures show the degree to which the targets set for 2016 were achieved. From among the main **financial figures** we would highlight the trends in the following:

- Growth in all businesses, with a stable OPEX (like-for-like) vs. 2015;
- Solid growth of adjusted EBITDA (+23% increase) making it possible to bring the adjusted margin to 41%;of
- Proactive management of CAPEX for maintenance, working capital and taxes, boosting the ration of EBITDA conversion to RLFCF to 87%
- Annual growth of RLFCF per share of 30%, matching the growth rate for the previous year.

The main highlights of the year in the **operating figures** were:
- 19% increase by sites, with the incorporation of the new companies acquired;
- Successful operational integration of new companies incorporated into the perimeter of the Cellnex group in 2015 and 2016;
- Cellnex has become the main beneficiary of the consolidation of the European market through operations that generate long-term value.

In relation to the **reputational figures**, 2016 was a particularly noteworthy year for the following reasons:

- Cellnex appeared in the Report from Brand Finance, a consultancy specialising in brand valuation, within the prestigious group of the world's 500 most valuable companies in the telecommunications sector;
- Cellnex Telecom is one of the three Spanish companies in the IBEX among the group of the 300 companies registered in the CNMC's register of "lobbies".

CELLNEX TELECOM IS ONE OF THE THREE SPANISH COMPANIES IN THE IBEX AMONG THE GROUP OF THE 300 COMPANIES REGISTERED IN THE CNMC'S REGISTER OF "LOBBIES".

Key figures	2016	2015	VAR.
(Million EUR)			
Revenue	707	613	15%
Operating expenses	(418)	(378)	11%
Adjusted EBITDA [1]	290	235	23%
RLFCF[2]	251	194	29%
(Units)			
Backlog (million EUR)	12,100	8,000	51%
Consumer ratio	1.62	1.53	6%
PoP's (Points of Presence)	24,698	20,740	19%
DAS nodes	1,072	949	13%
Workforce	1,303	1,245	5%
Men	1,047	1,006	4%
Women	256	239	7%
Recurring net profit	40	29	38%

(1) Recurring operating result before depreciation and amortisation and excluding impacts not involving cash movements (such as advances to customers)

(2) Operating cash flow plus/minus change in working capital, plus/minus interest received/paid and less taxes paid

Income (Million EUR)
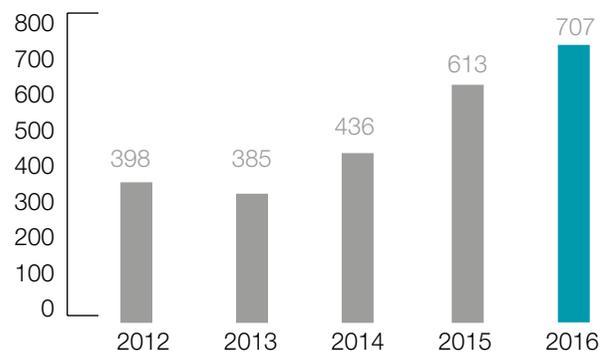
Adjusted EBITDA (Million EUR)
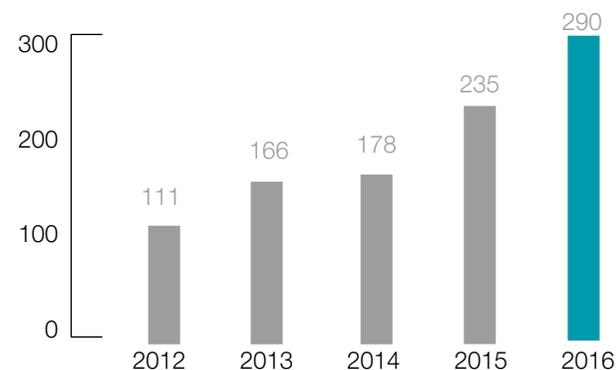
Key indicators

1.62

CONSUMER RATIO OF INFRASTRUCTURES

87%

MARKET SHARE OF 87% IN BROADCASTING SERVICES IN SPAIN

20%

OF STAFF ARE WOMEN

TRANSPARENCY RECORDED IN THE TRANSPARENCY REGISTERS OF THE CNMV, CATALAN GOVERNMENT (GENERALITAT DE CATALUNYA) AND THE EU

76%

DEGREE OF ROLLOUT OF THE CSR MASTER PLAN 2016-2020

10%

INCREASE IN TRAINING HOURS IN SPAIN

2%

EMISSIONS AVOIDED IN SPAIN COMPARED TO THE TOTAL OF 2015 THROUGH ENERGY EFFICIENCY PROJECTS

"BEST NEWCOMER SPAIN" IN **CDP** 2016 IN SUPPLY CHAIN SCORING

MEMBER OF **FTSE4GOOD INDEX**

PILLARS OF THE BUSINESS MODEL

CELLNEX IS CURRENTLY EUROPE'S LEADING INDEPENDENT TELECOMMUNICATIONS INFRASTRUCTURE OPERATOR.

Cellnex's transformational and innovative character is the basis of its business model, which aims to maximise profit for all company stakeholders, and benefits for society as a whole, facilitating ongoing accessibility and connectivity to technologies, key services in the growing digitisation of the economy, and communications.

Cellnex is currently Europe's leading independent telecommunications infrastructure operator, providing a broad portfolio of high value-added services. These services are organised into technology solutions for customers in three main areas: Mobile telephony infrastructures; audiovisual broadcasting networks, network services (smart cities and the Internet of Things (IoT)).

The Cellnex business model is based on offering customers the space they need in the various centres to install and maintain their communications network equipment and provide wireless voice and data transmission. It also provides the most advanced audiovisual services to national, regional and local broadcasters. The company's transformational and innovative character defines its operational and strategic management in a way that is sustainable and responsible with both society and the environment. This character is based on the following pillars:

- Corporate culture based on the founding values of the organisation with a Mission and Vision aimed at creating value.

- Corporate Governance Model safeguarding the interests of all stakeholders.

- Risk management shared throughout the organisation and guided by risk tolerance levels and appetite determined by the Board of Directors.

- Responsible management of the value chain based on a threefold vision:

  1. Financial, through:

     - Robust revenue growth,

     - Attractive EBITDA margins,

     - Adjusted efficient capital deployment and investment (CAPEX) in maintenance;

  2. Social, by creating value for all stakeholders;

  3. Environmental, through eco-efficiency and biodiversity protection.

CORPORATE CULTURE

THE ORGANISATIONAL CULTURE IS FULLY CUSTOMER-ORIENTED THROUGH A SHARED COMMITMENT TO CREATE VALUE FOR ALL STAKEHOLDERS.

Vision

European leader in telecommunications infrastructure solutions

Mission

We generate value for society, customers and shareholders, and all stakeholders, through **innovative, efficient, neutral and quality management** for the provision of shared telecommunications networks and infrastructure through the **drive and development of our team of employees.**

Values

Cellnex Telecom's values align consistently with the Vision and Mission to the extent that they are instrumental in achieving them, and fundamentally reflect an ethical attitude based on principles of tolerance, respect and cooperation with all the stakeholders with which the company wishes to develop and consolidate its project:

Commitment.
We take responsibility for proactively consolidating our projects.

Customer orientation.
We find out, understand and consolidate the needs of our customers.

Innovation.
We add value with a creative, professional and critical spirit to new ideas to implement them in practice.

Flexibility.
We adapt to the constantly-changing environment.

Resolve.
We achieve our goals through a combination of enthusiasm, reason and practicality.

Honesty.
We carry out our activities with integrity.

Credibility.
We do what we say we will do.

Development.
We foster human development through cohesion, cooperation and teamwork.

THE COMPANY IS COMMITTED TO A STAKEHOLDER MANAGEMENT MODEL BASED ON MONITORING, LISTENING TO AND TAKING ON BOARD THEIR MAIN CONCERNS AND NEEDS, ENSURING VALUE CREATION AND MUTUAL BENEFIT TO ALL OF THEM.

Cellnex stakeholders

As Cellnex develops its activities, it seeks to provide value to its shareholders and to all its stakeholders. To this end, the company is committed to a stakeholder management model based on monitoring, listening to and taking on board their main concerns and needs, ensuring value creation and mutual benefit to all of them.

This report describes how the company's management takes on board the expectations and concerns of all stakeholders to maximise the positive effects an minimise the negative impacts.

Sectorial associations

Media

Partners shared projects

Employees

Investors and shareholders

Customers

Local Community

Suppliers

Public admin & regulators
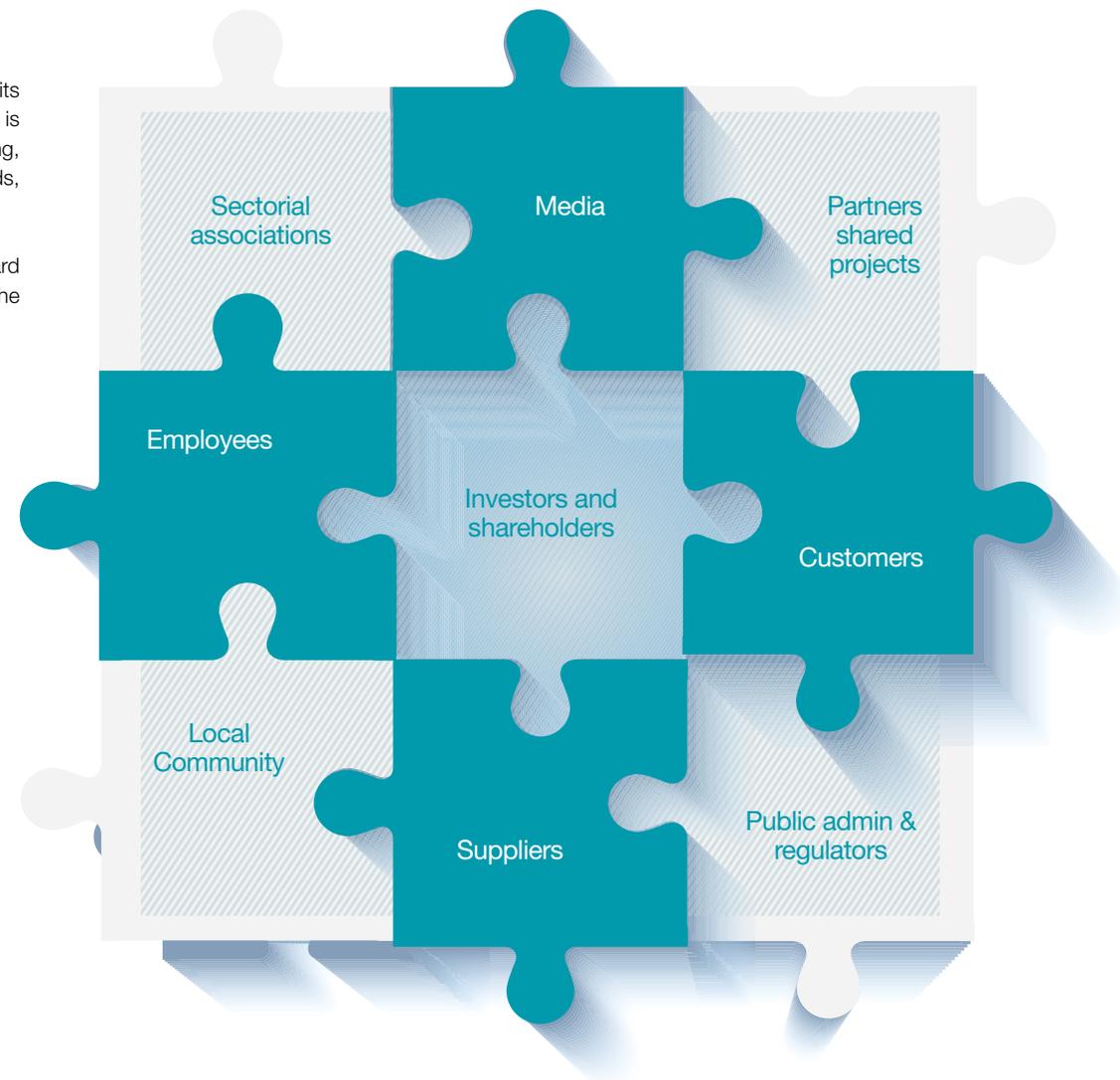
GOVERNANCE MODEL

CELLNEX CURRENTLY HAS A BOARD OF DIRECTORS THAT IS COMPACT, EXPERIENCED AND ORIENTED TOWARDS ROLLING OUT THE STRATEGY.

For more information, see the Cellnex Annual Corporate Governance Report 2016.

In 2016 Cellnex continued working to implement and consolidate the best corporate governance practices, covered essentially in the Code of Good Corporate Governance for Listed Companies approved by the Spanish National Securities Market Commission (CNMV) on 18 February 2015. Consequently, this alignment governs the rules that regulate the workings of the company's governing bodies, the highest instance of which is the Board.

Cellnex currently has a Board of Directors that is compact, experienced and oriented towards rolling out the strategy, with four proprietary directors and four independent directors, besides the CEO.

Among the adjustments made during 2016 we would highlight:

- Approval of a **Selection policy for directors** which states that any implicit bias in the process of selecting candidates that might imply discrimination shall be avoided; that it will promote the formation of a gender-balanced Board of Directors; and that it must ensure that the less-represented gender makes up at least thirty percent of the total members of the Board of Directors, as soon as possible, and before the end of 2020. Promoting gender diversity is also a principle laid down in the Terms of Reference of the Board of Directors.

- The company has begun a selection process to include a new independent director. This process is subject to approval by the General Shareholders' Meeting.

- **Three proprietary directors were re-elected** during this same financial year.

- The **Policy of communication and contacts with shareholders, institutional investors and voting advisors** was approved in accordance with the principles of transparency, equal treatment, continuous information, affinity with the corporate interest and regulatory compliance. Available on the corporate website.

- A new **Internal Code of Conduct** in matters relating to securities markets was adopted. This is available on the corporate website.

- **Approval of the Directors' remuneration policy** by the Shareholders' Meeting of 30 June 2016, valid for 2016 and the following three years. Also available on the corporate website.

- **Amending of the Bylaws** to bring in changes modifications for reasons of expediency to facilitate the attendance of shareholders at meetings, reducing the number of shares required for attendance from 1,000 to 100. Changes have also been made pursuant to the provisions in the legislation in force or in the Rules governing the General Shareholders' Meeting or in the Terms of Reference of the Board of Directors. Company bylaws available on the website.

- **Amendments to the Terms of Reference of the Board of Directors,** to introduce changes to the Law on the Auditing of Accounts.

- **Changes to the Rules governing the General Shareholders' Meeting** to provide systematic consistency to the internal rules governing the organisation and functioning of the company and to adjust the wording to the legislation in force.

- A Corporate Responsibility Plan was defined for the period 2016-2020 as a tool to integrate all the ethical, environmental and social initiatives of the company. Furthermore, the Board of Directors approved the **Corporate Responsibility Policy** in 2016. This sets out the basic guidelines and lines of action on Cellnex's Corporate Responsibility and for the entire Group, the main objective being to integrate it progressively into all internal systems and processes. The Policy is based on the

international standards adopted as a regulatory framework: the Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the core conventions of the International Labour Organization (ILO), the OECD guidelines for Multinationals, and also on the recommendations contained in ISO 26000 (Social Responsibility Guide) and standards of the Global Reporting Initiative (GRI).

• **Adoption of the Fiscal Strategy** to establish guidelines for the group.

These rules and updated regulations will supplement the policies and regulations currently in force by Cellnex to reinforce best practices in corporate governance.

For more information, see the Cellnex Annual Corporate Governance Report 2016.

Cellnex shareholder structure
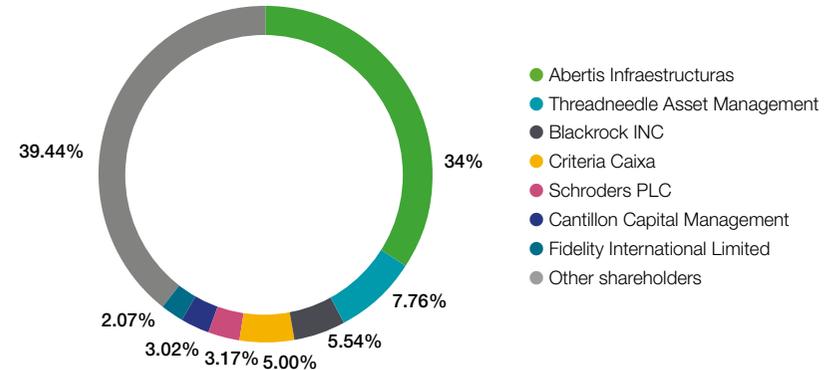
- Abertis Infraestructuras
- Threadneedle Asset Management
- Blackrock INC
- Criteria Caixa
- Schroders PLC
- Cantillon Capital Management
- Fidelity International Limited
- Other shareholders

39.44%
34%
7.76%
5.54%
5.00%
3.17%
3.02%
2.07%

THE BOARD OF DIRECTORS COMPRISES 9 DIRECTORS, FOUR OF WHOM ARE INDEPENDENT.

IN 2016, THE BOARD HAD WORKED EFFICIENTLY, FULFILLING THE FUNCTIONS ATTRIBUTED TO IT IN THE TERMS OF REFERENCE OF THE BOARD OF DIRECTORS.

For more information, see the Cellnex Annual Corporate Governance Report 2016.

The Cellnex Board of Directors

Independent directors:

- **Pierre Blayau,** Chairman of Caisse Central Réassurance and independent director on the Boards of Directors of FIMALAC and the Canal + group;
- **Bertrand-Boudewijn Kan,** former Director General and Chairman of the European Telecommunications Group of investment bank Morgan Stanley. He is also a director in the listed company Síminn Hf.
- **Leonard Peter Shore,** former chairman of telecommunications infrastructure operator Arqiva (United Kingdom), former chairman of Pricelines.com, Uecomm Lonely Planet Publications and former CEO of Media/Communications/Partners.
- **Giampaolo Zambeletti,** Chairman of RCS Investimenti and vice-chairman of Unidad Editorial. Former executive director at Telecom Italia Int., Auna and Telekom Austria;

Proprietary directors:

- **Francisco Reynés Massanet,** Chairman. He is Vice-Chairman-CEO of Abertis Infraestructuras, S.A. and a Trustee of the Abertis private Foundation.
- **Francisco José Aljaro.** Chief Financial Officer and Corporate Development Officer at Abertis Infraestructuras, S.A.
- **Josep Maria Coronas.** Deputy Non-Executive Secretary, General Secretary and Corporate General Manager in Abertis Infraestructuras, S.A.
- **Lluís Deulofeu,** General Manager of Sanef Group (France), linked to Abertis Infraestructuras, S.A.

Executive Director:

- **Tobías Martínez Gimeno,** Chief Executive Officer of Cellnex

Non-Executive Secretary:

- **Javier Martí de Veses**, Secretary-General.

Deputy Non-Executive Secretary:

- **Mary Annabel Gatehouse,** Director for International Corporate Development Advice.

In 2016, the Board conducted a self-assessment, which concluded that during the evaluation period, the Board had worked efficiently, fulfilling the functions attributed to it in the Terms of Reference of the Board of Directors. As an overall assessment, the directors identified the Board's strengths as its dedication and commitment, independence and collaborative atmosphere, its strategic and financial vision and its alignment with Cellnex's growth strategy (more information in ACGR 2016).

Committees of the Board of Directors

Cellnex's governance bodies are supplemented by the Audit and Control Committee (CAC) and the Appointments and Remuneration Committee (CNR), both composed of non-executive directors. Both are chaired by independent directors and a majority of members are independents.

The responsibilities and functioning of the Audit and Control Committee, and Appointments and Remuneration Committee, are set out in the Terms of Reference of the Board of Directors.

● Audit and Control Committee
● Appointments and Remuneration Committee
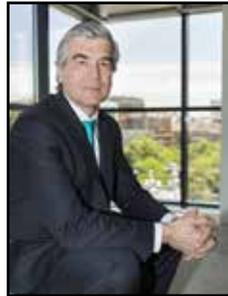
Francisco Reynés Massanet
Chairman
Proprietary

Tobías Martínez Gimeno
Chief Executive Officer
Executive

Josep Maria Coronas Guitart
Proprietary
●

Lluís Deulofeu
Proprietary

Francisco José Aljaro
Proprietary
●

Javier Marti De Veses
Secretary non-director
● Secretary
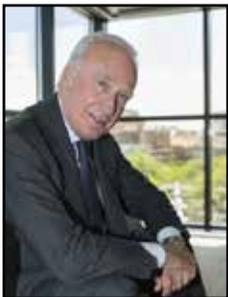
Giampaolo Zambeletti
Independent
● Chairman

Bertrand-Boudewijn Kan
Independent
●

Peter Shore
Independent
●

Pierre Blayau
Independent
● Chairman

Mary Annabel Gatehouse
Vice-Secretary non-director
● Secretary

RISK MANAGEMENT, ETHICS AND COMPLIANCE

A COMMUNICATION CAMPAIGN WAS RUN IN 2016 TO PUBLICISE THE GROUP'S CODE OF ETHICS AMONG EMPLOYEES IN SPAIN AND ITALY.

The Cellnex Group's Ethics and Compliance Committee was established in 2016. The Committee represents the highest body that guarantees compliance with the Code of Ethics and the Corruption Prevention Procedure of the Cellnex Group and the internal rules that enact them. In addition to its executive role, this Committee is the advisory and management body for all issues relating to ethical rules and compliance of the Cellnex Group.

Likewise, the Ethics and Compliance Committee is the body responsible for identifying the risks of any possible breaches, mainly criminal ones. In its role as the body responsible for criminal enforcement, the Committee evaluates and analyses, improves and keeps track of the system of Crime Prevention and Detection to avoid any criminal liability. In this regard, a model was defined in 2016 for the prevention and detection of criminal offences, for which employee training will be provided during 2017.

The current composition of the Ethics and Compliance Committee:

- General secretary
- Resources
- Internal Audit and Risk Control
- Legal advice

To ensure the independence of the Cellnex Group's Ethics and Compliance Committee, from a functional and organisational point of view the committee answers to the Appointments and Remuneration Committee of the Board of Cellnex Telecom, S.A.

Following this approach, the Ethics and Compliance Committee regularly reports its activities and initiatives directly to both the Appointments and Remuneration Committee and the Audit Committee.

It should be underlined that compliance management is currently centralised in the corporation. However, the rules provide that Ethics and Compliance Committees may be set up in each of the countries where Cellnex is present should this prove necessary.

Guiding principles of the Cellnex Group

- Ensure compliance with the Code of Ethics of the Cellnex Group and, if applicable, its implementing regulations, proposing any corrective measures that may be necessary.

- Resolve all queries and notifications raised regarding the Cellnex Group's Code of Ethics and, where applicable, its internal implementing regulations.

- Regularly supervise the result of the consultations and/or notifications made.

- Coordinate the rollout of the Cellnex Group's Code of Ethics and Criminal Prevention Rule and internal rules at a training and communicative level.

- Monitor the notifications made and statements of conflicts of interest.

- Draft and amend the Code of Ethics of the Group Cellnex and its implementing regulations.

- Draft the necessary internal rules when setting up a local Committee abroad.

- Report to the Appointments and Remuneration Committee and to the Audit and Control Committee on any serious and urgent incidents that have arisen in the application of the Cellnex Group's Code of Ethics and the Cellnex Group's Prevention of Corruption regulations.

- Provide support and advice to the Appointments and Remuneration Committee on all relevant compliance issues.

DURING 2016 THERE WERE NO NOTIFICATIONS OF IRREGULARITIES RECEIVED THROUGH THE VARIOUS COMMUNICATION CHANNELS THAT ARE AVAILABLE TO ALL PERSONNEL OF THE GROUP.

Main responsibilities of Cellnex's Ethics and Compliance Committee.

In addition, the Committee will take part in planning training activities for employees of the business and support areas regarding the criminal liability of legal persons and the Model for the Prevention of Criminal Offences

In order to achieve ethical management of the business, Cellnex also has a Code of Ethics, adopted in 2015 by the Board of Directors of the company, which applies to all employees and stakeholders concerned. The aim of the Code is to establish benchmark guidelines of conduct for the entire company under strict ethical principles of honesty and transparency, based on good faith.

Likewise, the objectives of the Code of Ethics are:

- To establish general guidelines for action and behaviour;
- To define an enforceable ethical reference framework that should govern the work and professional conduct of everyone covered by it (all the employees, including directors, and all the managers of the administration bodies of the Companies in the Cellnex Group);
- To create a set of reference standards of conduct for stakeholders in contact with any of the companies in the Cellnex Group (partners, suppliers, customers, shareholders, partners, etc.);
- To establish a policy for preventing corruption in order to develop the guidelines to follow in the fight against corruption.

A communication campaign was run in 2016 to publicise the Group's Code of Ethics among employees in Spain and Italy. In 2017, the Committee aims not only to roll out the code to the workforce in the Netherlands, France and the UK, but will also provide training in this field to ensure that all Cellnex staff are fully aware of the purpose and scope of the Code and of the responsibilities, guiding principles, standards of conduct, compliance system and existing information channels.

In addition, and in accordance with the new suppliers assessment system, in 2016 Cellnex started up an information campaign about its Code of Ethics, which will end in 2017.

The Cellnex Group Code of Ethics has an information channel, called the Ethical Channel, which is managed by the Ethics and Compliance Committee. The channel allows the possibility to confidentially inform of any potential significance irregularities detected within Cellnex Group companies.

Using the Ethical Channel, all affected individuals and stakeholders can:

- Consult any doubts about the interpretation of the Code of Ethics, its implementing regulations, and all applicable legislation and internal rules.
- Report any breaches of the Code of Ethics, its implementing regulations, and the applicable legislation and internal rules.

During 2016 there were no notifications of irregularities received through the various communication channels that are available to all personnel of the Group.

Communication channels:

- The Group's intranet.
- E-mail: canaletico@cellnextelecom.com.
- By post addressed to the Ethics and Crime Prevention Committee.
- Other channels established in the internal rules.

Likewise, Cellnex offers a Corruption Prevention Procedure, approved in 2015 by the Board of Directors, which aims to develop patterns of behaviour to follow in the fight against corruption. This procedure also applies to all employees and stakeholders. In this regard, no cases of corruption were detected in the Cellnex group in 2016.

MAINLY FINANCIAL, STRATEGIC AND OPERATIONAL & COMPLIANCE RISKS HAVE BEEN IDENTIFIED IN THE RISK MAP OF SPAIN.

Risk management and compliance

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

- Risk identification: Identifying risks that may prevent Cellnex from attaining its strategic objectives. Cellnex's risk management system includes four types of risks: strategic, financial, operational and compliance-related

- Risk analysis: Determining possible positive and/or negative impacts of such events materialising and the likelihood of their occurring.

- Assessing and developing risk action plans: Using the corporate risk map drawn up, the governing bodies of Cellnex will prioritise the treatment of risks based on strategic criteria of risk appetite and risk tolerance levels. Likewise, they will analyse the options available for responding to threats (either minimising the negative impact or maximising potential growth of opportunities)

- Monitor and review: Monitoring and updating the results of the risk management system by ensuring that the risks are identified and that the chosen risk treatment approach is the most efficient.

We should highlight that Cellnex's risk management policy states that the various areas of the Group are responsible for each of those stages. More specifically, the departments within the organisation are responsible for identifying, assessing and tracking risks and for supervising and implementing control measures to mitigate the possible negative impacts of such risks.

Cellnex's integrated risk management model involves the Steering Committee developing and monitoring a risk map while the Audit and Control Committee oversees its development. In addition, the progression of the main risks identified is communicated to the Board of Directors for consideration.

In 2016, the governing bodies of Cellnex worked to consolidate the organisation's risk management model through the following actions:

- Monitoring the main risks on the Cellnex Spain map.
- Preparing and approving the Cellnex Italy risk map.
- Drawing up an audit plan based on the risks identified and prioritised in the risk map.

Essentially financial, strategic and operational and compliance risks have been identified within the Spain risk map.

In this regard, we should underline that the management team and the governing bodies of Cellnex are aware that creating value for the organisation is directly linked to managing risks that may jeopardise the sustainability of its strategy. In that connection, one objective set for 2017 involves implementing mechanisms for monitoring and checking the control environment of these risks through the audit plan.

Cellnex risk typology

Strategic	
Regulatory	M&A Integration
Competitors	Control of costs and investments
Demand and customer concentration	Country risk

Financial	
Exchange rates and financial interest	Ratings
Inflation	Debt repayment
Refinancing	Loans to customers

Operational	
Quality of service	Business interruption
User and employee safety	Taxes
Technology	Infrastructures
Dependency on suppliers	Organisation and staff
Environment	Financial and operational information

Compliance	
Internal and external fraud	
Legal compliance, internal procedures (e.g.: Code of Ethics, corruption prevention procedure,...) and contractual information	

RESPONSIBLE MANAGEMENT OF THE VALUE CHAIN

CELLNEX PROVIDES
ITS SERVICES
PRIMARILY THROUGH
ITS SUBSIDIARIES
AND INDIRECTLY
PARTICIPATES IN
OTHER COMPANIES
INVOLVED IN THE
TELECOMMUNICATIONS
BUSINESS.

Providing the telecommunications of the future

The Group provides its services in the field of infrastructure management for terrestrial telecommunications in three main business lines: Telecom Infrastructure Services, Broadcasting Infrastructure and Network Services.

Makeup of income

12%

33%

55%
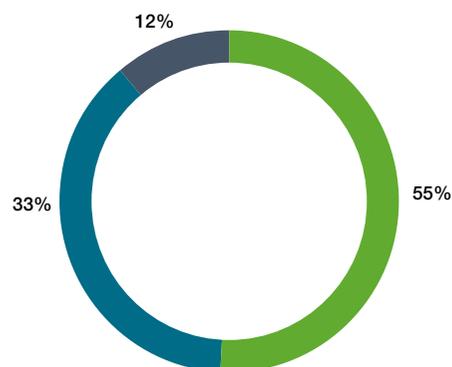
- Infrastructure Services for mobile telecoms operators
- Broadcasting Infrastructure
- Network Services

Cellnex provides its services primarily through its subsidiaries and indirectly participates in other companies involved in the telecommunications business.

Organisational structure of Cellnex
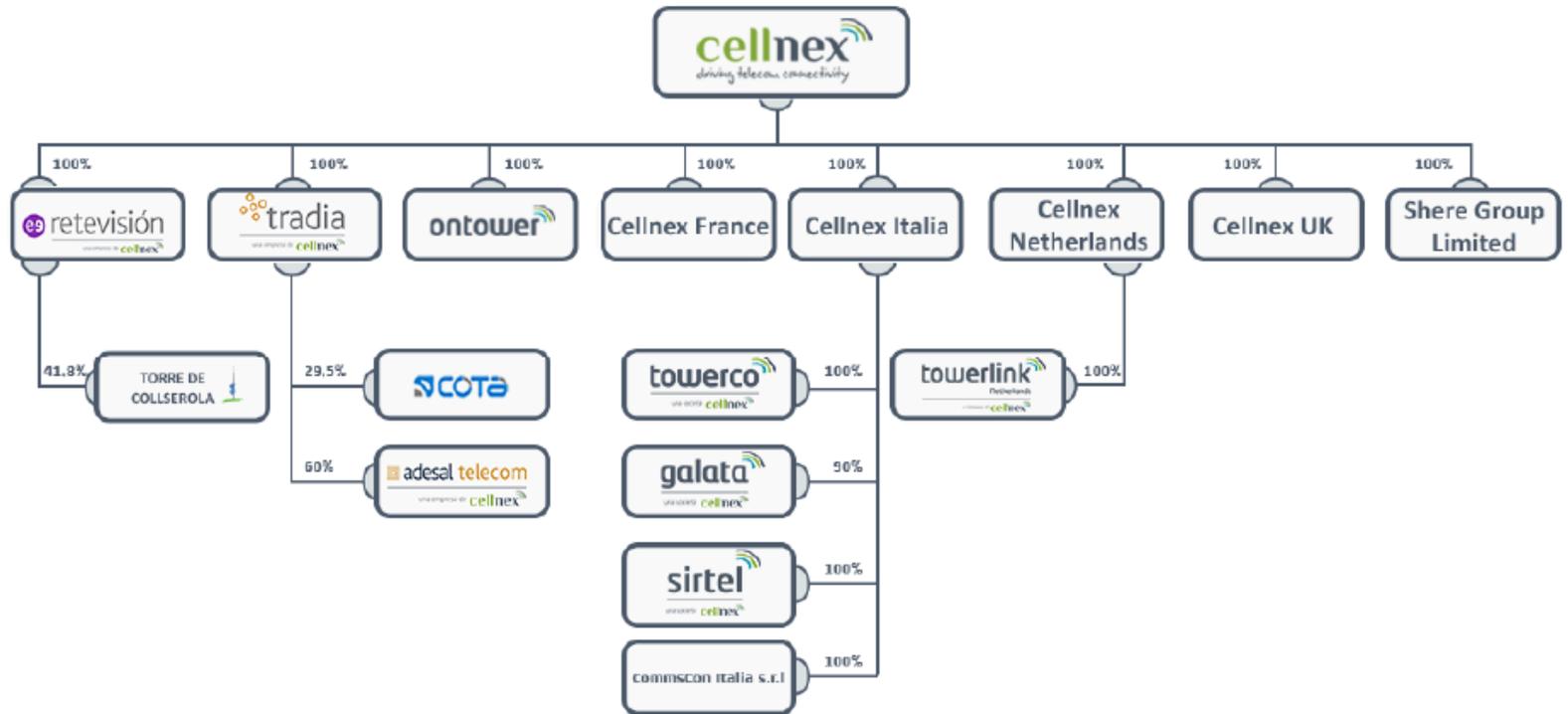
Generally speaking, this balanced set of investments, in terms of both maturity and profitability, and geographic diversification, should contribute to a growing positive contribution from all business sectors. In additional, Cellnex plans to continue identifying new investment opportunities and operational efficiencies that will strengthen its balance sheet and financial position.

Cellnex's Value Chain

Installation   Operations   Service   Maintenance

Infrastructure sharing   Broadcast   Smart & IoT (digital transformation)

Business support service

R&D+i
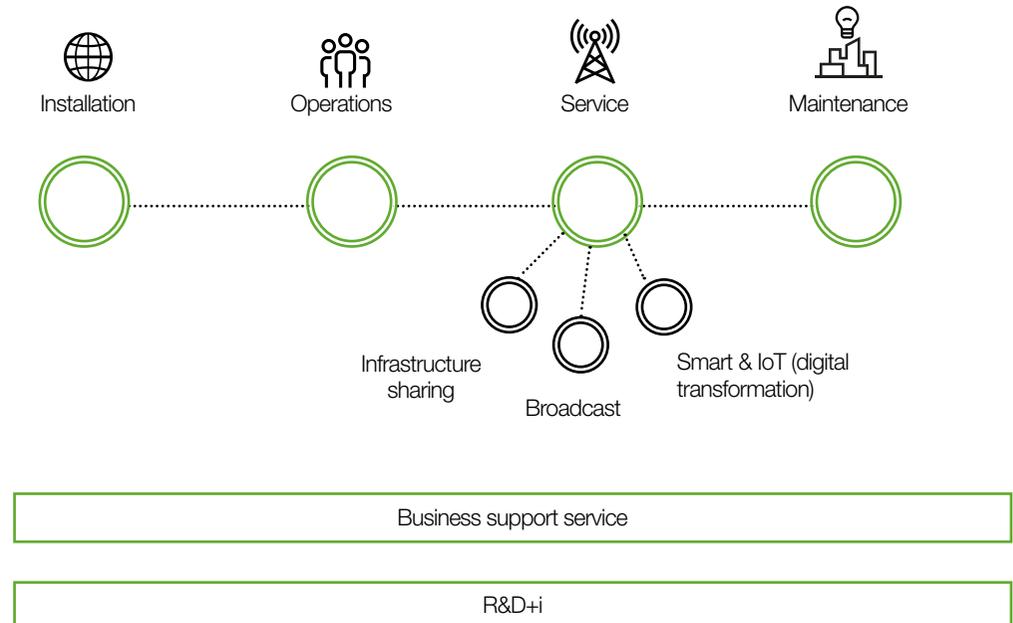
"SITE RENTAL"
SITES

>15,000

Cellnex: The leading wireless telecommunications infrastructure operator in Europe

Infrastructure services for mobile telecommunications operators. Telecom Infrastructure Services. This is the company's main business by turnover. Cellnex offers co-location services, space in own infrastructures for installing telecommunications equipment in rural and urban sites that are suitable for providing a range of different telecommunication services. The sites are designed and equipped with the resources to provide a high-quality service that offers both availability and network stability. Cellnex also provides operation and maintenance-related services for the infrastructure.

The **value creation model** involves increasing the consumer ratio of its infrastructure, by incorporating new customers who do not have their own network and view an independent infrastructure operator as the ideal partner for deploying its services, reducing barriers to entry; or by agreements for rationalising existing networks run by a number of telephone operators. Network rationalisation creates efficiencies for the company itself and for mobile operators.

Most of Cellnex's revenue comes from co-location services on its infrastructure for customers.

- We have more than 15,000 sites

- We operate more than 15% of PoPs (Points of Presence)

- We are committed to developing new generation networks

- Customers can rent the space they need to set up and maintain their communications equipment to transmit wireless data and voice

- We help set up the equipment

Milestones 2016

- New PoPs: 19% increase in 2016 considering new acquisitions

- Built-to-Suit projects: bespoke sites built to match customer needs

- Consistent demand for sites

- Improved consumer ratio by almost 6%

Main products and services offered

Infrastructure services for mobile telecommunications operators

This activity consists of providing a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by mobile network operators and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers.

The Group acts as a neutral carrier for mobile network operators and other telecommunication operators that usually require full access to the network infrastructure to deliver services to end users.

The Group provides its customers incorporate infrastructure support services which in turn include access to the infrastructure network for telecommunications operators using wireless technologies.

Passthrough Telcos

- We offer energy at our sites, which lowers the entry barrier for operators.

- Decommissioning

- Dismantling duplicate sites and optimising space.

- Built-to-suit

- Bespoke construction sites for mobile telephony operators.

CENTRES

>3,000

Broadcasting infrastructure.

The broadcasting infrastructure business is the company's second area of activity by turnover, and the largest in Spain. Its services consist of distribution and transmission of television and radio signals, and the operation and maintenance of broadcasting networks, provision of connectivity for media content, over the top (OTT) broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop the other activities in its portfolio.

The value-generation model, in the broadcasting infrastructure business, is characterised by predictable, recurrent and stable cash flows. Economies of scale are key in this activity, and it is a value-creation model based on sharing the transmission network between broadcasters who do not have their own networks, such as mobile operators.

In addition, Cellnex has established the strategic objective of positioning itself as a leader in Ultra High-Definition Video, 4K technology. This technology provides an image with a resolution that is significantly better than High Definition (1280x720), up to sixteen times higher. Throughout 2016 numerous actions were performed in the Ultra High-Definition area, through collaborative projects such as:

- Broadcast of the Opera (Parsifal) in 4K. Joint project between the RTVE Chair and Hispasat.

- 4K content broadcast during the second edition of 4K SUMMIT. Joint project with RTVE and Rohde & Schwarz.

- Broadcast of the documentary series "Spanish World Heritage Cities" in 4K. Joint project with RTVE.

Following changes that occurred in the audisovisual broadcasting sector in 2015, mainly in relation to the digital dividend, as well as changes in the national audiovisual map, the second digital dividend in 2016 or the freeing up of the 700 MHz broadband spectrum for mobile services represent the most relevant changes to the sector. Likewise, the agreement is awaiting ratification by the European Parliament and the European Council, although it is estimated that it will effectively be freed up in 2020.

Cellnex is also the provider for all State broadcasters, the only operator offering the DTT service nationwide.

We provide broadcasting services from more than 3,000 centres, distributing and disseminating multiplexes (MUX) of DTT with national coverage and FM radio signals for a large number of broadcasters in Spain.

We have the towers and equipment required to provide a complete and highly reliable service with coverage throughout Spain.

The broadcast infrastructure services offered by Cellnex Telecom

Digital TV	**Radio**	**Operations and maintenance Services**	**Connectivity**	**Internet media**	**Engineering and consultancy**
DTT Premium DTT Hybrid TDT					
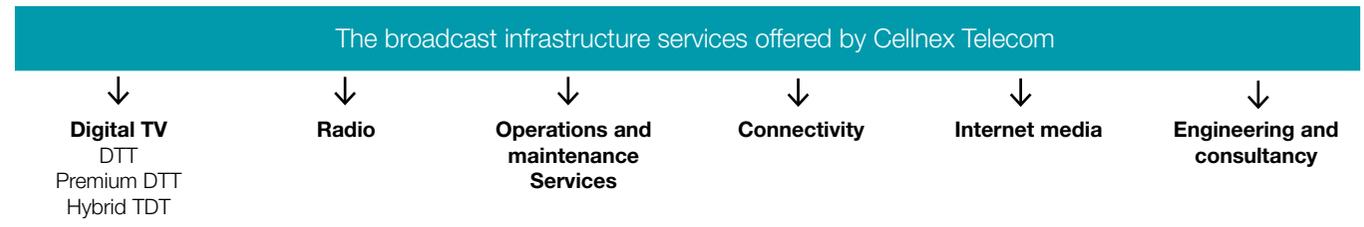
Milestones 2016

• 87% national and regional market sharel

Main products and services offered:

Digital TV

Includes services directly related to TV such as: DTT services (national and regional DTT broadcast, satellite reception, local DTT broadcast, among other services) and laboratory services (hybrid DTT certification and engineering channel)

Radio

This segment consists of providing services related to analogue and digital broadcasting, such as FM and DAB/DAB+.

Broadcast transport

This family of services includes all transport services necessary for providing broadcast services as well as transport services sold to broadcasters. It includes broadcast satellite and terrestrial services.

Internet Media

Services that use the Internet as a communication channel to transmit audiovisual content. The main services are OVS (online video solutions), CDN (online Content Distribution Network), OTT payment platform and CAS Cloud.

Other Broadcast services

Provision of a wide range of Broadcast services such as Engineering and Consulting Broadcast, O&M Broadcast, TV service carrier broadcast engineering (wholesale market) and broadcast co-location.

Activity highlights 2016:

- Cellnex sites a centre of excellence in Italy

- New DAS nodes (8% since the acquisition of CommsCon)

- Rollout of the first 4G Small Cells network in Barcelona

- Implementation of CityOS, Barcelona's first city operating system: this makes it possible to develop suppliers' technological solutions, defining complex city processes that allow real-time decision-making, enabling scalability and defining an exportable model.

- New contracts in the Smartcities context

- Renewal of existing contracts as a Security System for Maritime Global Hazard in Spain

Network services

Smart means participation, efficiency, security, resiliency and ubiquitous connectivity. Cellnex provides the infrastructure required for the development of a connected society by providing the following network services: Connectivity services; Services for PPDR (Public Protection and Disaster Relief), operation and maintenance; urban infrastructure and other telecommunications services, including the Internet of Things (IoT) and Smart Cities.

As an infrastructure operator, Cellnex can facilitate, streamline and accelerate the deployment of these services through efficient connectivity of objects and people, in both rural and urban environments, helping to build genuinely Smart territories.

Network services activity is a specialised business that creates value through innovative solutions and stable financial flows with attractive growth potential. Given the critical nature of these services - especially those linked to rescue, security and emergency networks - customers of this activity require in-depth technical know-how and demanding service-level agreements. The connectivity of objects is set to grow very significantly in the near future. The Internet of Things (IoT) network is based on a model that connects physical objects and keeps them integrated in a network. The alliance between Cellnex Telecom and IoT network provider Sigfox is evidence of the Group's commitment to developing this technology both today and in the near future. In this regard, Cellnex's position as the majority global operator of IoT has become consolidated with more than one million objects connected in Spain's largest network dedicated to the Internet of Things.

This activity will continue to grow in the security market through our main customer in the home, people and vehicles sector. In addition to this, the main development is occurring in the water metering and smart city services markets.

Small cells and DAS (Distributed Antenna System) services

Users are looking for anywhere and anytime high-quality connectivity. To this end, Cellnex is working closely with MNOs (Mobile Network Operators) to optimise the growing need for coverage in complex scenarios. The life cycle of the solution is therefore based on the acquisition of siting, design, installation, commissioning and monitoring of the quality of the service.

The densification of networks in open and closed crowded spaces is one of the main vectors of growth in telecommunications infrastructure for the coming years. It is estimated that 350,000 small cells will be in operation throughout Europe by 2020.

The acquisition of CommsCon positions Cellnex as a key player in the development and roll-out of telephony and data coverage solutions in high-demand areas. This move involves implementing advanced technologies based on small cells and distributed antenna systems (DAS) providing service to various operators based on a single infrastructure and equipment rolled out. Cellnex has rolled out more than 1,000 DAS nodes with a consumer ratio of 3 MNOs per site, in stadiums, airports, skyscrapers, shopping centres, public areas, metro lines and train stations.

Main products and services offered:

Connectivity
This family includes all the transport services needed to provide connectivity services to operators and the Public Applications and Corporations market.

PPDR
Cellnex specialises in the design, rollout, operation and maintenance of critical service networks serving security and emergency forces.

IoT and Smart Solutions communications infrastructures.
Providing communications networks and Smart Cities platform services and specific solutions for efficient management of resources and services in cities and IoT.

O&M and others
In addition, Cellnex provides operation and maintenance (O&M) services that include preventive and corrective maintenance of networks and infrastructures, monitoring reports and resource management for optimising incident management.

STRATEGIC CHALLENGES

2016 HAS BEEN A YEAR OF PROGRESS IN REALISING THESE CHALLENGES.

When it was floated in 2015, Cellnex identified four key strategic challenges on which the company aimed to focus, in an attempt to respond to the aim of sustained growth (diversification and internationalisation) and sustainable growth (capability to manage and integrate this growth) to ensure the competitiveness and attractiveness of the project in both the medium and the long term.

Cellnex Strategic Challenges

Transform the company from a national single-product company into an international and multi-product one through the challenge of adapting its:
- management processes;
- corporate governance;
- organisational culture;
- recasting and reinforcing th teams;
- adopting a model for integration of new Acquisitions.

Maintain the momentum towards internationalisation. Consolidate positions in Spain and Italy and explore and exploit opportunities in markets such as the UK, Germany and France; they are the vectors of the inorganic growth of Cellnex Telecom, capitalising on the dynamics of mobile operators outsourcing networks.

Combine growth and consolidation. Conclude new agreements with large and small telecommunications service operators for the provision of mobile broadband connectivity, broadcasting and "Internet of Things" projects. This should translate into sustained growth of the sharing ratio and the number of teams deployed at our network of sites.

Meeting expectations: Maintain the confidence of Investors. Cellnex's IPO in 2015 was also a "pact" with shareholders regarding the company's future performance. Fulfilling this commitment means responding to all challenges ahead and earning investor confidence in the Cellnex project.

CELLNEX HAS ADDED ALMOST 1,800 NEW SITES TO ITS PORTFOLIO IN THE WAKE OF THE GROWTH OPERATIONS MATERIALISED DURING THE YEAR IN ITALY.

2016 has been a year of progress in realising these challenges. The key milestones include:

1) Transforming the company

a) Management processes

i. Rolling out the "Apollo" programme with its 4 main dimensions: (1) "adaptation" to a new environment that requires a review of the structure, functions, governance and adaptation of the teams' capabilities; (2) "focus" to ensure day-to-day management and sustained and recurring value creation, and to systematise criteria for the incubation and maturation of new business lines and the integration of new markets; "facilitating" and enabling the company with processes and information systems that are well adapted to a more complex and multi-management environment; and "maximising" value creation, optimising performance with an efficiency plan that will be rolled out until 2020. These four dimensions are developed in turn through 21 different initiatives ranging from strategy to people and the organisational model, processes, systems, operations and commercial activity.

ii. 2016 saw the implementation of the "talent management" model, christened "the Hub" and aligned with business strategy. A competency and leadership model based on each co-worker's contribution to achieving results has been defined on the basis of the corporate Vision and Mission. This methodology provides indicators of talent and indicators of improvement and development since it minimises the subjectivity of personal assessment to compare progress made between the periods analysed.

b. Corporate governance

i. Start of the process for selecting and appointing a new independent director whose ratification, which is put to the Shareholders' Meeting for financial year 2016, reinforces our compliance with Corporate Governance recommendations by increasing the number of independents to five out of ten, which are thus a majority in the Board, since they join the four proprietary directors and the Executive director. Likewise the company is also progressing in complying with the recommendations on gender diversity in Governance bodies.

ii. Creation of the Ethics and Compliance Committee from the existing Ethics and Crime Prevention Committee.

iii. Updating and adapting the Internal Code of Conduct to the new requirements arising from the new Market Abuse Regulation.

iv. Amending the Bylaws to facilitate the attendance of shareholders at meetings, reducing the number of shares required for attendance from 1,000 to 100. The company is thus responding to the objective of improving transparency and facilitating access of small shareholders to its governing and oversight bodies.

v. During 2016 Cellnex also formalised (1) the Communication and contact with shareholders policy; (2) the Board remuneration policy; and the Corporate Responsibility Plan (2016-2020) accompanied by the Corporate Responsibility Policy.

c. Cellnex culture

i. Cellnex's Culture flows from its mission, vision and values and is implemented through internal communication and training programmes and development programmes for company teams applied continually throughout the year and involving all the areas and functions of the organisation in a cross-cutting way.2) Mantener el impulso hacia la internacionalización.

2) Maintaining the momentum towards internationalisation

a. Cellnex has added almost 1,800 new sites to its portfolio in the wake of the growth operations materialised during the year in Italy (CommsCon); Netherlands (Protelindo and Shere Group); United Kingdom (Shere Group); and France (Bouygues Telecom). These agreements reinforce the concept of a European platform allowing the company to establish partnership agreements with customers that, like Cellnex, operate in these various markets and countries.

b. 2016 was the first full year with the portfolio of GALATA assets fully integrated into the Cellnex portfolio. Both from the point of view of key performance indicators and from that of integration of Cellnex's operations processes and systems, the results are fully in line with

THE ACQUISITION OF ITALIAN COMPANY COMMSCOM NOT ONLY STRENGTHENS CELLNEX'S COMPETITIVE POSITION WITH REGARD TO THE NETWORKS DENSIFICATION PROJECTS BY ROLLING OUT 4G AND 5G.

expectations, and are an improvement on the forecasts made at the time of acquisition (March 2015).

3 Combining growth and consolidation

a. Agreements with companies like Sigfox (IoT networks), Eurona or Linkem (in Italy) for wireless broadband mobile access in difficult to access sites, contribute to improving the occupancy ratios of the infrastructures rolled out. Adding to location services contracted with key network access operators.

b. The acquisition of Italian company CommsCom not only strengthens Cellnex's competitive position in Italy but, by incorporating their teams' know-how in rolling out DAS and small cells network, it gives the Cellnex group a clear competitive edge with regard to the networks densification projects by rolling out 4G and 5G (from 2020) and improves the coverage and actual capacity of service in public high-traffic areas.

4) Meeting expectations: maintaining investor confidence

a. Revenue growth in the overall business lines, improving market expectations (+15%)

b. Solid EBITDA growth (+23%)

c. Leveraged recurring free cash flow for the financial year grew 29%: €1.08 per share compared with €0.65 per share at the close of 2014.

d. The debt structure remains strong and protected from market fluctuations: 86% at a fixed rate, an average cost of 2.1%, and average maturity at 7 years.

Future prospects. The great opportunity of the Digital Single Market

Telecommunications are and will be an essential asset for the economy, employment and innovation in Europe. That is why the European Commission is working on a "Strategy for a European Digital Single Market"(http://europa.eu/rapid/press-release_IP-15-4919_en.htm) based on the following main objectives.

1. **Better access for consumers and businesses to online** goods and services across Europe

2. **Creating the right conditions and a level playing field** for advanced digital networks and innovative services

3. **Maximising the growth potential** of the Digital Economy

In the Commission's view, a fast and reliable fixed and mobile internet connection is increasingly important for education, health care, industry and transport, as well as for Europe's economy and competitiveness.

Framed within this strategy and in order to offer more and better internet connectivity for all citizens and businesses by 2025, the Commission proposes three strategic connectivity objectives for 2025:

1. **1 Gigabit access (Gigabit Society)** in schools, universities, research centres, transport hubs, hospitals, administrations and enterprises etc.

2. **100 Mbps access** for all European households, rural or urban, which can be upgraded to Gbps.

3. **5G** coverage for all urban areas, major roads and railways. As an intermediate target, in 2020, 5G available in at least one of the major cities in each EU Member State.

These objectives were presented by President Juncker during his State of the Union speech in September 2016: "We need to be connected. Our economy needs it. People need it. And we have to invest in this connectivity now".

The speech was also accompanied by an ambitious review of EU telecoms rules, with new initiatives to respond to Europeans' growing connectivity needs and to boost European competitiveness. These aim to encourage investment in high-capacity networks and accelerate access to public wifi for Europeans.

In this strategic framework, the concept of sharing networks operated by infrastructure operators appears as a "catalyst" or an "accelerator" of this rollout and the associated investments since it lowers entry barriers in retail supply and fosters competition for end-user level services. It is also an efficiency tool that reduces the overall costs of operators in a context in which competition itself involves ever-smaller commercial margins.

Within this framework, it is worth noting that mobile operators in Europe are driving a process of outsourcing their infrastructure, as a result of by three main factors:

- Optimising OPEX

- Monetising assets

- Strategic refocusing

The higher rate of co-location achieved by independent operators reduces the need to build more towers, speeds up rollout, reduces implementation costs and cuts life-cycle costs for the network operator.

The infrastructure operator model has also shown that independent operators can cut operating costs because they achieve better management of passive infrastructures.

The role that an infrastructure operator such as Cellnex can play in a scenario designed to facilitate the emergence of the Digital Single Market amounts to its capability - on account of its independence and neutrality in relation to the operators offering services to end-users - to offer solutions to streamline and simplify the telecommunications infrastructure map by increasing connectivity for citizens. This can help to make these operators more efficient, make better use of the networks and speed up time to market in rolling out new generation

THE HIGHER RATE OF CO-LOCATION ACHIEVED BY INDEPENDENT OPERATORS REDUCES THE NEED TO BUILD MORE TOWERS, SPEEDS UP ROLLOUT, REDUCES IMPLEMENTATION COSTS AND CUTS LIFE-CYCLE COSTS FOR THE NETWORK OPERATOR.

IN TERMS OF SMART/IOT NETWORK SERVICES, WE ARE EXPECTING A SEA CHANGE THAT WILL LEAD TO NEW NETWORKS FOR SECURITY AND EMERGENCY SERVICES, OPERATION AND MAINTENANCE, AND THE INTERNET OF THINGS.

infrastructures and networks that facilitate public access to new services and solutions that are worthy of an advanced digital society and economy.

Three main fronts

Cellnex will act as a facilitator within the DSM (Digital Single Market) on three main fronts- mobile broadband infrastructures, broadcasting, and Smart networks services / IoT.

As concerns Telecom Infrastructure Services, the short-term goal is to be facilitators for the rollout of Heterogeneous networks, or HetNets. This new paradigm is based on interoperability between technologies and infrastructures to provide ubiquitous coverage able to meet the connectivity needs of any service. The result is the creation of a heterogeneous network comprising large "traditional antennas" but also involving new, smaller ones with greater density, for example integrated into urban fixtures. In this connection, Cellnex's fundamental long-term objective involves positioning in 5G and the opportunities for managing new networks posed by this technology.

In the audiovisual sector, both radio services and DTT, the strategic challenge is to find the right fit between traditional and experiential broadcasting. The possibilities offered by new networks can have a significant impact on this front and open up a wide range of possibilities for development. In the long term, these possibilities will enable user interaction, synchronisation of various devices, among many other applications.

In addition, in Brussels there is talk of the need to define an industrial strategy for the European audiovisual, cultural and creative sector that would ensure the sustainability of the model in Europe, a model that generates 6.8% of GDP and 6.5% of employment in the Union and is the guarantor of pluralism, freedom of expression and social cohesion. In this regard, the forthcoming publication of the final text of the Decision by Parliament and the Council on the UHF band, which includes the explicit guarantee of access to the DTT spectrum at least until 2030, represents a clear signal to the sector, providing it with long-term security to enable the players to continue to invest and to innovate.

In terms of Smart/IoT network services, we are expecting a sea change that will lead to new networks for security and emergency services, operation and maintenance, and the Internet of Things.

In fact, the third pillar of the DSM aims to maximise the growth of the digital economy - which requires rolling out smart infrastructures: Small Cells, wifi access points, security and emergency services, infrastructure for connected cars, etc. Within that environment, an infrastructure operator can facilitate, streamline and accelerate roll-out by efficiently connecting objects and people.

Given the significant growth of data services and the importance of improving the European public's access to high-speed broadband, Cellnex can play a vital role in cutting the costs of network deployment and improving access to high-speed broadband across Europe.

This model has the following benefits for the economy:

• Lower costs for network operators;

• Improved connectivity to the digital world for citizens.

• Streamlining the rolling out of infrastructures, reducing environmental impact and optimising resource management.

RESPONSIBLE RESOURCE MANAGEMENT

Cellnex's key objective is to generate sustained value in the short, medium and long term, through responsible management of the business, incorporating the interests and expectations of the company's stakeholders. In achieving this goal, 2016 posed a great challenge for Cellnex at management level. More specifically, in continuing to maintain investor confidence, ensuring the consolidation of Cellnex as a company while driving an international expansion and consolidating and gradually adopting policies and best practices.

The realisation of all these aspects of management was conveyed jointly through the effective deployment of the pillars on which is built the Corporate Responsibility Master Plan for 2016-2020. These pillars comprise the following strands: Ethical management and good governance, people development, sustainable business development, adding value to society, communication and reporting, governance of corporate responsibility.

The CR Plan incorporates the best experiences of the Cellnex group companies as well as new proposals for building a better organisation day by day. With this Master Plan, Cellnex aims to create an instrument bringing together all the company's ethical, environmental and social initiatives. Furthermore, establishing a long-term vision, establishing commitments in accordance with internationally recognised standards that place it on the same level as the major infrastructure companies operating in Europe, specifically in the telecommunications sector. This plan also aims to improve two-way dialogue between Cellnex and all stakeholders, especially the company's staff team, customers, suppliers and contractors, administrations, shareholders, the community and partners in shared projects.

THE CR PLAN INCORPORATES THE BEST EXPERIENCES OF THE CELLNEX GROUP COMPANIES AS WELL AS NEW PROPOSALS FOR BUILDING A BETTER ORGANISATION DAY BY DAY.

Check here for more information on our CR policy

GRI: G4-56, G4-57

Lines of action included in the Cellnex Corporate Social Responsibility Master Plan

Ethical management and good governance

Foster ethical behaviour

Establish a framework for ethical behaviour

Implement effective and sustainable corporate governance

Promote an acknowledged compliance culture

Corporate Social Responsibility governance

Incorporate executive responsibility into

the Corporate Social Responsibility master plan

Put the Corporate Social Responsibility master plan into practice

Establish a working framework for Corporate Social Responsibility

Sustainable development of the business

Ensure that the whole Company has the same level of environmental responsibility

Take a stance on the analysis of the effects of EMR on health

Increase environmental awareness among stakeholders

Add value to society

Drive and stimulate responsible and local procurement

Support the world of entrepreneurship and innovation

Create value in the community

Take a strategic approach to the relationship with the third sector

Comunicación y reporting

Create awareness within the Company about the importance of Corporate Social Responsibility

Get to know stakeholders and work closely with them

Implement integrated reporting

Be a reference in transparent corporate governance

Be a reference for value creation for society

People development

Implement an effective people development plan

Assist people in the internationalisation process

Promote quality employment

In 2016 it made great efforts to implement the various goals and actions included in the Master Plan. The degree of implementation of these is shown below:

CSR 2016-2020 Master Plan

Action Areas	No. Action lines	Action lines underway	No. Actions	Attainment of the different actions
Ethical management and good governance	7	100%	21	71%
People development	6	67%	9	22%
Sustainable development of the business	9	78%	17	10%
Adding value to society	6	40%	9	0%
Communication and reporting	9	70%	13	54%
Governance of Corporate Responsibility	3	100%	13	46%
TOTAL	**40**	**76%**	**82**	**34%**

Degree of progress of the Plan in its first year. Action lines and goals started

100%	67%	78%	40%	70%	100%
ETHICAL MANAGEMENT & GOOD GOVERNANCE	PEOPLE DEVELOPMENT	SUSTAINABLE DEVELOPMENT OF THE BUSINESS	ADDING VALUE TO SOCIETY	COMMUNICATION AND REPORTING	CR GOVERNANCE

Main actions implemented in 2016	Key future actions

Ethical management and good governance

- ✓ Approving and disseminating the Code of Ethics.
- ✓ Defining a policy relationship with customers and suppliers (corporate gifts, sponsorships, etc.).
- ✓ Drafting a policy for selecting directors that is concrete, reliable and conducive to diversity of gender, knowledge and experience.
- ✓ Implementing a model for the prevention and detection of crime.

- Establishing regular performance evaluations of the Board of Directors with the help of an external consultant.
- Developing a system for monitoring good practices in corporate governance.

People development

- ✓ Continuing to implement the Leadership Plan, extending it to Management.
- ✓ Developing and implementing the change management policy and effective implementation of new initiatives.

- Making a firm commitment to equal opportunities and non-discrimination by supporting measures to facilitate the presence of women in the company.
- Continuing to measure staff satisfaction through work climate surveys.

Sustainable development of the business

- ✓ Continuing integrated environmental management with the ISO 14001 management system, and performing the relevant update.
- ✓ Increasing the percentage of certified green energy consumed in business offices and operational centres.

- Continuing with the establishment of annual targets to minimise the carbon footprint.
- Designing and developing a pilot project on voluntary compensation of CO_2 emissions caused by a particular activity of the Company.
- Implementing a plan to protect the environment and biodiversity applicable in natural spaces in which Cellnex operates.

Adding value to society

- ✓ Continuing to define and implement the Responsible and Proximity Procurement Policy and extending it to all areas of the business.

- Designing and establishing a sponsorship manual meeting the strategic priorities of the company.
- Developing a social action plan to channel the specific actions to be developed and prioritising these.

Communication and reporting

- ✓ Working together with benchmark organisations in the telecommunications sector.
- ✓ Creating a Reporting structure, procedures, standards and monitoring mechanisms.
- ✓ Continuing to work towards an integrated report including indicators based on the most up-to-date international standards.
- ✓ Publishing internal policies and standards for good governance recommended by the CNMV's Code of Good Governance. Stating how such policies have been implemented.

- Having the Company's integrated annual report checked by an independent third party in accordance with the highest reporting standards.

CR governance

- ✓ Defining the functions of the Appointments and Remuneration Committee regarding CR.
- ✓ Implementing an IT tool to facilitate information-gathering for CR reporting.
- ✓ Setting the CR Master Plan in train and periodically reviewing compliance.
- ✓ Setting specific annual targets.

- Studying the desirability of creating a CR Committee and providing it with functions and composition.
- Establishing a system for monitoring the degree of implementation of the actions.
- Defining common Corporate Responsibility requirements for all Group companies.

SUSTAINED VALUE CREATION

THE CURRENT MAIN OBJECTIVE IN THIS REGARD IS BASED ON IDENTIFYING NEW OPPORTUNITIES FOR CELLNEX TO GROW IN EUROPE.

Creating value in the company

2016 was a key year for Cellnex with regard to achieving the strategic objectives that were set at the time of the IPO. In this connection, the company has performed very strongly, marked by growth, organically and through M&A. Consequently, Cellnex's management model, based on solid growth and sustainable value generation, has led to a successful 2016.

Company results in 2016, on a like-for-like basis, revealed organic growth of 4.5%. The company added more than 200 sites each quarter, with a consumer ratio of 1.62. Likewise, this solid organic growth, together with the successful M&A process, boosted adjusted EBITDA and FCRA per share.

Generating operating cash flow

The success of the Cellnex IPO has demonstrated the strength of its value proposition, a combination of ongoing service contracts and cash-flow visibility, key elements for creating growth. The ability to generate stable and growing cash flow also ensures that value is steadily created over time for shareholders.

Investment and capital resources

Cellnex's investment strategy has a long-term focus and embodies the concepts of selection, discipline and industrial approach. The company applies strict investment criteria focused on quality assets, with a minimum rate of return and a sustainable balance sheet structure. In this regard, 90% of total capital investment (€748 Mn) was allocated to M&A and the rest to CAPEX expansion and maintenance.

The current main objective in this regard is based on identifying new opportunities for Cellnex to grow in Europe, consolidating the position it has already established in Italy, Spain, France the UK and the Netherlands.

INVESTMENT IN M&A	CAPEX EXPANSION	CAPEX MAINTENANCE
670 MILLION EUROS	**57** MILLION EUROS	**21** MILLION EUROS

CommsCon (Italy) **€19 Mn**	Infrastructure services **€6Mn > 11%**	
Protelindo (Netherlands) **€109 Mn**		
"Sites" Bouygues (France) **€147 Mn**	Efficiencies **€39Mn > 69%**	
Shere Group (Netherlands & UK) **€393 Mn**		
	Broadcast infrastructures and others **€12Mn > 20%**	

Value generated and distributed

VALUE GENERATED IN 2016 BY CELLNEX WAS €707 MILLION, DISTRIBUTED MAINLY TO SUPPLIERS, EMPLOYEES, SHAREHOLDERS AND PUBLIC ADMINISTRATION.
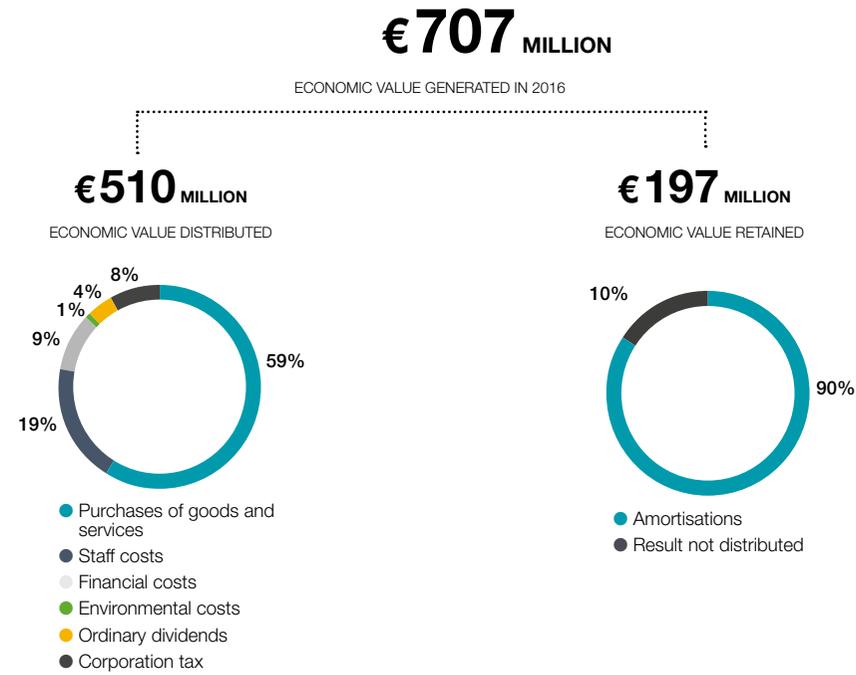
€707 MILLION

ECONOMIC VALUE GENERATED IN 2016

€510 MILLION

ECONOMIC VALUE DISTRIBUTED

8%
4%
1%
9%
19%
59%

- Purchases of goods and services
- Staff costs
- Financial costs
- Environmental costs
- Ordinary dividends
- Corporation tax

€197 MILLION

ECONOMIC VALUE RETAINED

10%
90%

- Amortisations
- Result not distributed

THE GROUP ACTS
RESPONSIBLY
IN TAX MATTERS
IN ITS BUSINESS
MANAGEMENT
AND MEETS ITS TAX
OBLIGATIONS IN ALL THE
COUNTRIES IN WHICH IT
OPERATES.

Cellnex's tax contribution

In 2016 Cellnex established basic guidelines that are to govern the decisions and actions of the Cellnex Group on tax matters through the adoption of the Group's taxation strategy by the Board of Directors.

Likewise, the Audit and Control Committee approved the standard on control and management of taxation risks, which defines the principles and structure of the framework for managing and monitoring such risks.

The Group acts responsibly in tax matters in its business management and meets its tax obligations in all the countries in which it operates, currently Spain, Italy, the Netherlands, France and the UK, applying consistent fiscal criteria in accordance with regulations, administrative doctrine and case law and maintaining appropriate relations with the corresponding tax authorities.

Cellnex is also sensitive to and aware of its responsibility in the economic development of the territories in which it operates, helping to create economic value by paying taxes, both on its own account and those collected from third parties. Accordingly, it makes a substantial effort and pays great attention to fulfilling its tax obligations, in accordance with the applicable rules in each territory.

Following OECD methodology on cash basis accounting, Cellnex's total tax contribution in 2016 was €151.9 million (132.2 in FY 2015).

Own taxes are those paid for the company and third party taxes are those collected and aid into the various tax offices on behalf of such third parties, therefore they are not a cost to the company.

Tax Contribution 2016

€151.9 Mn

+15%
vs 2015

€108.9 Mn

€43 Mn

● Third party taxes
● Own taxes
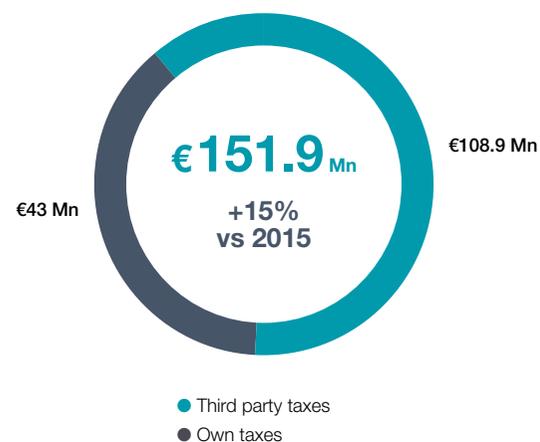
Country	Own taxes [1]	Third party taxes [2]	Total
Spain	34.7	71.1	105.8
Italy	4.3	36.4	40.7
France	1.4	--	1.4
Netherlands	1.1	0.8	1.9
United Kingdom	1.5	0.6	2.1
Total	**43**	**108.9**	**151.9**

1 Includes taxes that are an effective cost to the company (basically includes payments of income tax, local taxes, miscellaneous taxes and employer's social security contributions).

2 Includes taxes that do not affect the result but are collected by Cellnex on behalf of the tax administration or are paid in for third parties (basically includes net value added tax, deductions from employees and third parties, and employees' Social Security contributions).

AN INNOVATIVE AND TRANSFORMATIONAL BUSINESS

THE CURRENT MAIN OBJECTIVE IN THIS REGARD IS BASED ON IDENTIFYING NEW OPPORTUNITIES FOR CELLNEX TO GROW IN EUROPE.

The innovation in Cellnex is closely to its strategy, and this is embodied in its mission to be a company that generates value for its stakeholders, through innovative, efficient, neutral and high-quality management in delivering service and contributing technological solutions.

This commitment to R&D+i represents one of the main challenges for Cellnex in the current global context, which is characterised by its strong innovative character and global social reality that is strongly linked to the digital world and the communication technologies.

To respond to these challenges in an effective and structured way, Cellnex formally set up its Innovation and Product Strategy Department in 2016. That decision reflects an awareness that innovation is a critical activity which commits areas to cross-cutting product and service creation processes.

The Innovation and Product Strategy Department has established an R&D+i management model based on two types:

• Technological surveillance, based on an evaluation of the current technological context to identify potential opportunities for the company.

• R&D+i activities, consisting mainly of research, development and the creation of new solutions.

Once the types were defined, innovation moulding was performed for the R&D+i activities performed by Cellnex, bringing about more integrated and flexible processes and standardising the procedures that such activities involve.

This model also embodies a cross-cutting approach, defining working procedures in multidisciplinary teams and enhanced cooperation with the stakeholders that deal with Cellnex. Some examples of stakeholders are: technology start-ups, universities and key players from other sectors.

New innovation model

1. Reflection & Analysis	**2. Developing product and service and improving the business model**	**3. Commercialisation**
Brainstorming Prioritising ideas Conceptual development • Preliminary value proposal • First business model	Product/service design Commercialisation Testing	Pre-launch Launch Post-launch

The Distributed Antenna System, or DAS, is the first product to result from Cellnex's new model and R&D+i approach.

1. Owners grant rights to Cellnex f
or marketing their services

2. Cellnex rolls out and manages the DAS
system in the enclosure

3. The MNOs connect to the Cellnex system

Owners of the enclosure

Customers

SHOPPING CENTRES

HOSPITALS

SUBWAY

STADIUMS
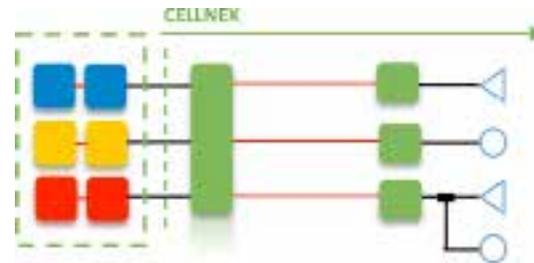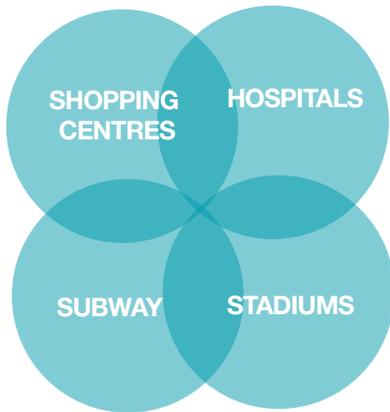
MNOs

Cellnex pays a rental fee to the owner of the enclosure (in some cases the owner of the enclosure pays for the system)

Cellnex rolls out Capex and incurs in Opex for the management of the system

Fee for use of the system paid by the MNOs to Cellnex

Notably, the innovation model is focused not only on developing new business and/or products, but also on developing incremental improvements to current services and products. In this regard, we have seen a significant increase in customer satisfaction.

This increase is driving Cellnex to continue working in line with the target of mainstreaming innovation and working with internal and external multidisciplinary teams.

Traditional approach

Internal team
Product Management
Client – Supplier

New model

External partners
Challenge management
Ecosystem
Startup

Vendors

Academia
R&D
Tech Transfer

Municipalities

MNO's

cellnex
driving telecom connectivity

Peers

SW
Developers
IT Companies
Communities

Key players
other sectors

Startups
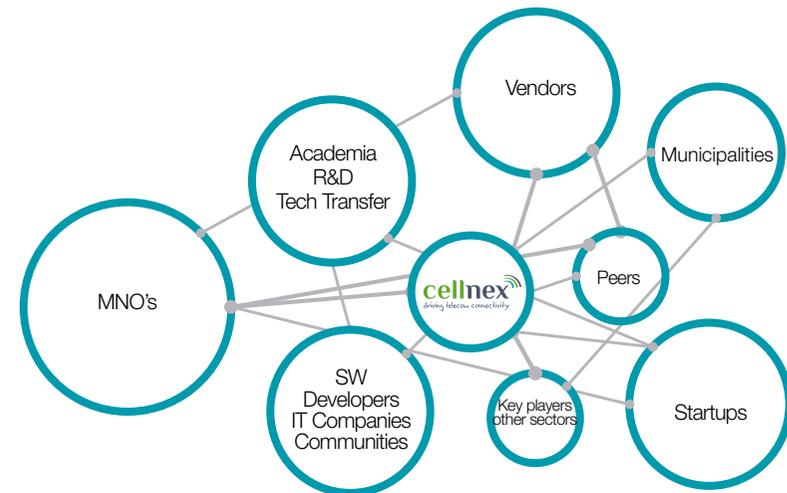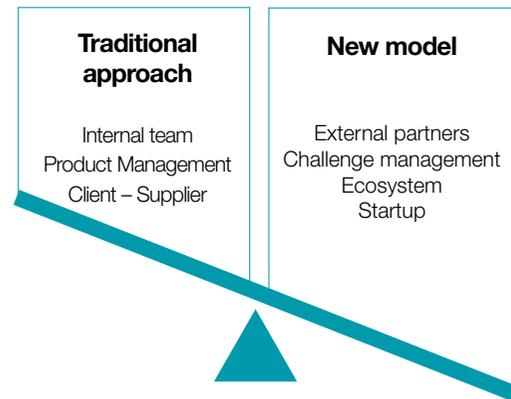
R&D+i activities

Smart Cities and the Internet of Things

- GROWSMARTER
- iCity
- COMPOSE
- ACORN
- SERES
- Integrated Mobility and Smart Environmental Impact (MIIAS)
- V2XArch
- A2VISES
- Intelligent Vehicle Recharging (REINVEL)

For more information

Security and emergency networks

- 4G-LTE Multi-standard Base Stations (EBM4G-II)
- ONDADA
- POLARYS (Smart platform for maritime security and emergency management)

For more information

Growsmarter

A project funded by the European Commission based on transforming cities to achieve a smart and sustainable Europe. In a fully urbanised Europe, cities must adopt smart solutions to meet the needs of citizens. In this regard, the cities of Stockholm, Cologne and Barcelona aim to be the exponents of these smart cities. Cellnex assumes the role of technology partner, and focuses its efforts in three areas of action: energy efficiency, integration of infrastructure and sustainable urban mobility.

iCity

A project linked to Smart Cities, in which the cities of Barcelona, London, Bologna and Genoa are taking part, with the aim of creating a framework for collaborative development of public interest applications and services and laboratories working on Smart Cities.

V2XArch

The project is funded by the Spanish Ministry of Industry, Energy and Tourism within the National Plan for Scientific Research, Development and Technological Innovation. ITS (Intelligent Transport Systems) technology significantly increases the safety, efficiency and sustainability of transport systems, and is key to the development of Smart Cities. Cellnex poses multiple challenges regarding V2X services (vehicle-to-vehicle or vehicle-to-infrastructure): definition of architectures and technologies to deploy V2X services; analysis of business models and cases of using V2X service, and; validation of the proposals made by the company.

POLARYS (Smart platform for maritime security and emergency management)

A project funded by the CDTI in the field of maritime security to research into VDES naval technology applied to communication, using the new VHF digitalisation bands. The project will develop a novel VDES (VHF Data Exchange System) transceiver to facilitate the exchange of maritime security information between ships, and between such ships and infrastructure. This development will significantly expand the capacity of the AIS platform in terms of data rate and coverage. Once developed, the system will be validated in a real scenario.

GRI: G4-DMA, G4-EC7, G4-EC8, G4-SO1, G4-SO2, PA.9, TA.1, TA.2, TA.3, TA.4

Broadcasting

- TV-RING
- High Efficiency Advanced Platform for Content Distribution (PLEASE)
- GLOBAL ITV
- Solare2RF - Powering and efficient cooling of radiofrequency sites

→ **For more information**

• High Efficiency Advanced Platform for Content Distribution (PLEASE):

The project consists of the specification, design and development of a content distribution platform using high-efficiency video encoding and dynamic content distribution. The expected results of the project are ultra high-definition television and audiovisual consumption in portable devices.

TV-RING:

A project funded by the European Commission and revolving around three pilots developed in Germany, Netherlands and Spain. The pilot on which Cellnex is focusing its efforts aims to design a multi-camera HD video service. In general, all these pilots aim to test the applications that will define the future of audiovisual services based on the Connected TV concept.

GRI: G4-DMA, G4-EC7, G4-EC8, G4-SO1, G4-SO2, PA.9, TA.1, TA.2, TA.3, TA.4

TALENT MANAGEMENT

CELLNEX REALISES
THAT ITS PEOPLE
MANAGEMENT MODEL
IS ONE OF THE PILLARS
THAT SHOULD PROMOTE
AND ENSURE THE
ACHIEVEMENT OF
CORPORATE GOALS.

2016 marked a significant increase in the size of the workforce, mainly due to new acquisitions in Italy and in other European countries in which Cellnex is present (France, Netherlands and the UK). This growth remains a challenge for Cellnex in its change management model and integration of the new companies in the organisational model of the group, particularly in personnel management.

Cellnex realises that its people management model is one of the pillars that should promote and ensure the achievement of corporate goals. This goal can be achieved only by committing to excellence, relying on talent, encouraging human development in a collaborative and innovative working environment, and ensuring the well-being of staff.

With this vision in mind, various programmes and tools were defined in 2016 to ensure that all Cellnex staff have the training required for their job, the information they need to develop their talents and potential, and the tools to facilitate successful change management. These programmes have been implemented in Cellnex Spain, and we expect to continue working in this direction in other countries. The projects implemented in Spain include in particular the new competency model, "the Hub" (see section on Commitment to leadership and talent development).

In line with this vision, Cellnex Italy is working to achieve SA8000 Social Accountability Certification within a time frame ranging from 2017 to 2018. The objective of this certification is to ensure diversity and equal opportunities for all members of the Italy team.

The Cellnex team

The Cellnex team comprises 1,303 people with a very diverse geographical distribution, with 90% of staff in Spain, 8.5% in Italy, 0.2% in France, 0.6% in the Netherlands and 0.7% in the UK. The workforce is characterised by a preponderance of men, which tallies with the situation in the industry, where there is a strong male presence.

Accordingly, Cellnex deliberately strives to achieve the goal of diversity in its workforce. In that connection, in 2016 the company updated the Equal Opportunities Plan, with the aim of gradually increasing the proportion of women in the company, in all positions and responsibilities, ensuring equal treatment and opportunities for women and men and preventing sexual harassment and sex discrimination, whether indirect or direct.

Staff turnover in Spain and Italy remained stable in 2016, with levels of 4% in Spain and 3% in Italy.

WORKFORCE

1,303

948
SPAIN

86
ITALY

1
FRANCE

6
NETHERLANDS

6
UK

1,047

225
SPAIN

25
ITALY

1
FRANCE

2
NETHERLANDS

3
UK

256

NEW HIRES IN SPAIN AND ITALY

74

33
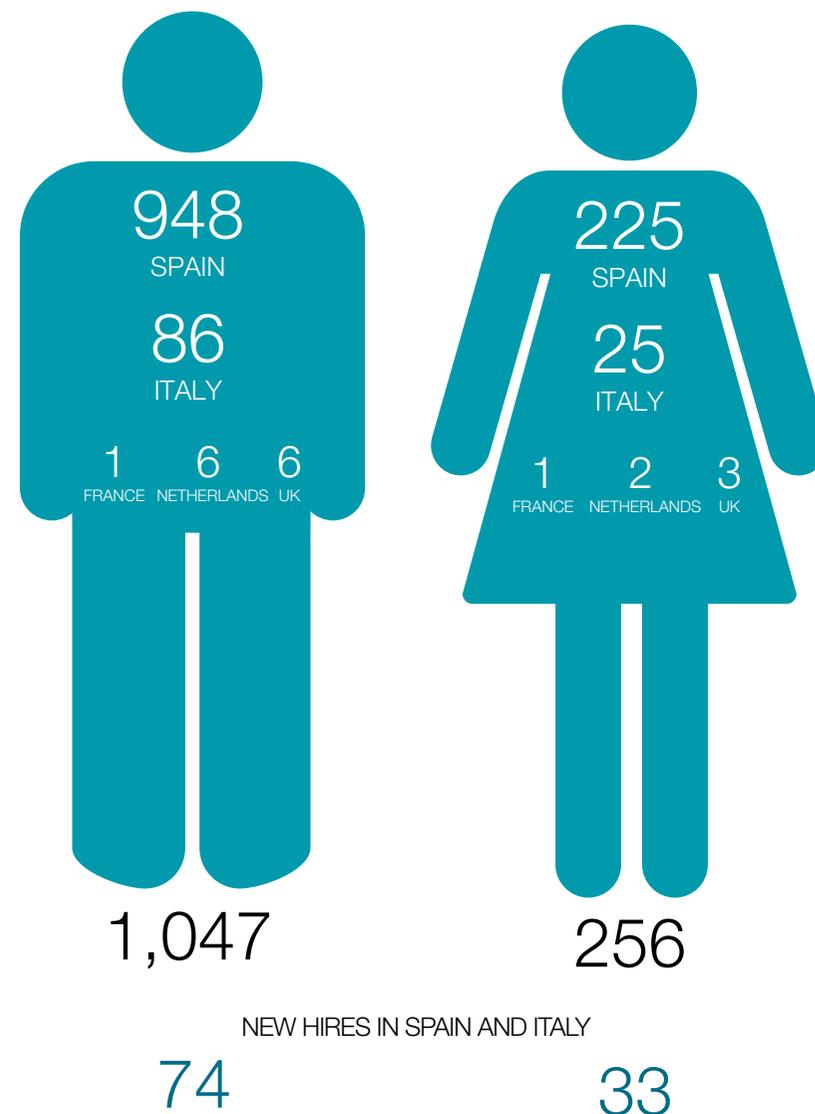
WE IMPLEMENTED
A COMPREHENSIVE
TALENT MANAGEMENT
TOOL CALLED "THE
HUB" TO FACILITATE
THE APPRAISAL AND
DEVELOPMENT OF
HUMAN CAPITAL, AS AT
CELLNEX WE FIRMLY
BELIEVE THAT SUCCESS
AS A COMPANY LIES IN
THE MOTIVATION AND
ENTHUSIASM OF THE
TEAM.

Commitment to leadership and talent development

The management of the team and development of its talent is one of Cellnex's strategic pillars.

The "talent management model" was implemented in 2016 and is aligned with the business strategy. Working on the basis on the corporate Vision and Mission, we have defined a competency and leadership model based on the contribution each make to achieving results.

This methodology allows us to have indicators of talent and of improvement and development by minimising the subjectivity of personal assessment and enabling a comparison of progress made between periods.

We have also implemented a comprehensive talent management tool called "the Hub" to facilitate the appraisal and development of human capital, as at Cellnex we firmly believe that success as a company lies in the motivation and enthusiasm of the team.

What if talent could also grow?

In July 2016 we set up the following features of this tool:

- **'My Hub'** - a space where employees can keep their bio up to date, indicate their professional motivations and preferences and interests and/or skills and even consult those of their peers.

- **Training** - a space in which employees can consult an online training catalogue and can also consult their training record in Cellnex.

- **Community: Any doubts about the Hub?** - a space that acts like a social network where staff can consults questions asked and share solutions, concerns and curiosities with colleagues related to the Hub.

The "performance" module became operational in October, which concerns skills assessment and preparing individual development plans based on the 70:20:10 development model. To achieve this, we created the Development dialogues, a space for dialogue between employees and their managers in relation to individual employee development.

The Development Dialogues process in the Hub was as follows:

1) My assessment (Self-assessment and proposal of training needs) Self-assessment and reflection on training needs for 2017.

2) Assessment and Contribution to the training plan: In this step, managers assess employees and call the meeting for the actual dialogue, in which they talk about skills and knowledge and jointly draw up the worker's Individual Development Plan (IDP).

3) My assessment and IDP: In this final step the employee uploads the IPD developed together with the manager and can complete a survey evaluating the entire process

Step 1	Step 2	Step 3
Up to 3 November	Up to 4 December	Up to 19 December

| Self-Assessment | Assessment by manager | Development dialogues | Training plan | Individual Development Plans (IDP) | Assessment of the process |

A total of 181 people received the following training in correct management of Dialogues:

1. Talent development today

2. The role of the manager in employee development

3. Facilitating the IPD (Individual Development Plan)

4. Managing talent on the Hub

This training was bolstered with two online courses:

1. "Talent management in Telecom Cellnex" - details of the process in the Hub, with videos of all the steps to take.

2. "Keys to talent development" - workings of the human brain and levers for development, and the different generations living together in today's organisations.

As a result, in 2016 nearly 70% of the workforce in Spain already have their own Individual Development Plan in which everyone is a protagonist.

Moreover, in 2016, and as the continuation of work begun in 2015 with the training pathways for leadership development, we performed a programme for the development, assessment and monitoring of Heads of Unit and Managers of the company.

The programme was divided into four stages:

- **Stage I:** A 360º evaluation was made of a total of 71 managers through a questionnaire consisting of 28 closed and 3 open questions. Each manager provided a total of 10 assessments plus the participant's own assessment. The people involved in the assessment were:

  — The line manager
  — Six assessments of employees and/or internal customers
  — Three counterparts/peers (other leaders in the same Department)

- **Stage II - Interview:** In this stage an interview was conducted to assess the level of skills defined by Cellnex for the position of Manager/Head of Unit (leadership).

- **Stage III - Feedback:** Following the assessment and interview, individualised sessions were organised to provide feedback on their assessment (360º evaluation and interview) on the 71 managers who took part and to detect individual development objectives.

- **Stage IV - Coaching:** This consisted of two individualised accompaniment sessions to work and develop the leadership skills of the participants. In the first session an Individual Development Plan was established, based on the results of the previous stage. This stage of the project will be completed during the month of February 2017.

Likewise, all Directors are receiving personalised coaching following the assessment according to the leadership model drawn up in 2015.
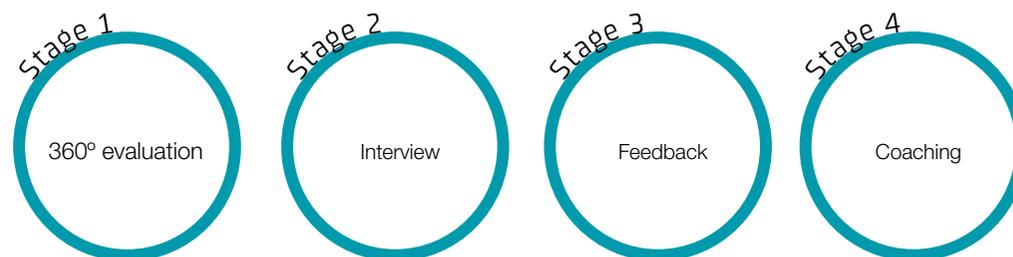
IN 2016 NEARLY 70% OF THE WORKFORCE IN SPAIN ALREADY HAVE THEIR OWN INDIVIDUAL DEVELOPMENT PLAN IN WHICH EVERYONE IS A PROTAGONIST.

Stage 1	Stage 2	Stage 3	Stage 4
360º evaluation	Interview	Feedback	Coaching

a) Training 2016

Cellnex bases its development on the "70:20:10" approach, a development model in which everyone is responsible for their own development and the manager is responsible for accompanying the process while the organisation provides the resources to enable it.

In 2016 technical training sessions were taught associated with the core knowledge of the Department of each partner as well as cross-cutting training such as project management, languages, office automation, skills and Occupational Risk Prevention. Training is face-to-face, online and blended and provided by external experts and/or internal trainers.

In 2016 the staff of Cellnex Spain and Italy received more than 45,000 hours of training of which 10,760 were based on safety training at the workplace. The total financial investment in training in Spain increased 4%.

IN 2016 THE STAFF OF CELLNEX SPAIN AND ITALY RECEIVED MORE THAN 45,000 HOURS OF TRAINING.

Training hours

	2016	2015
Spain	43,501	39,563
Italy	2,852	n/a
Total	**46,353**	**n/a**

Module 1

Performance and Setting, Targets, Performance Evaluation. People development.

Module 3

Leadership and People Motivation. Managing and creating value through people. Results via people. Situational leadership and by objectives.

Skills   Tools

Module 2

Self-knowledge. Knowledge of oneself and others. Managing emotions. Self-control. Communication - a management tool.

Module 4

Delegation and Monitoring. Management process. Team development. Support for the growth of people.

Specific programmes 2016

Leadership

In 2016 we organised a further leadership itinerary course in Spain. Launched in 2015, it is aimed at managers. The aim of this course was to train new managers in the field of people management, acquiring skills and tools to foster leadership change.

To this programme aimed at managers we should add the programmes discussed in the section on Commitment to leadership and talent development. In sum, this involves:

1. Keys for talent development and the talent management model in Cellnex: this training is necessary for understanding the model and helping to implement the 2016 development dialogues

2. Rating leadership using a 360º questionnaire and a critical incident interview, feedback and personal development

The leadership training sessions conducted in Italy in 2016 were also aimed at managers and team leaders. These courses aim to provide the necessary tools to equip them all with the skills and knowledge required in their workplace., In 2015 Cellnex Italy joined Fondirigenti, a national training organisation, through which the managerial training courses will be organised.

The programme launched in 2016 is scheduled to end in 2017, and seeks to improve the following skills:

- Leadership
- Results orientation
- Customer orientation
- Expertise in towering
- IoT innovation and Smart Cities
- Personnel management

SPECIFIC TRAINING PROGRAMMES

Leadership pathway	The aim of this course was to train the new managers in the field of people management, acquiring skills and tools to foster leadership change.
Pathway for project managers	The programme, access to which depends on an assessment, consists of 4 modules: • Project management • Management and control of external resources • Personal effectiveness and own time management • Personal skills and competences Staff who complete the training can then access the Project Management Programme (PMP) official examination, which is an internationally recognised certificate that validates the competence to act as a project manager, leading and directing projects and teams. To help them to pass this exam, managers are provided with an exam preparation course involving not only face-to-face sessions but also allowing access to an online tool and a tutorial session to resolve their doubts and provide support in the final preparation of the official examination.
Pathways for in-house trainers	This project aims to prepare trainers for their role as Internal Trainers.
Languages	Language grants included in the Cellnex Telecom training grants programme.

A NEW MODEL OF OBJECTIVES DISASSOCIATED FROM COMPETENCY-BASED MANAGEMENT WAS INTRODUCED IN 2016 TO ROLL OUT THE COMPANY STRATEGY.

Objectives 2017

- Consolidating "The Hub" in Cellnex Spain.

- Updating the Equality Plan (Cellnex Spain).

- Standardising people management models across all countries.

- Launching the Sustainable Mobility Plan.

- Integrating the new companies acquired.

b) Management by objectives

Cellnex Telecom considers it important to implement a variable remuneration system based on achieving objectives as an incentive to stimulate contribution and additional value creation in a systematic way, ensuring global alignment of efforts to achieve the results for the Group that the market expects.

This array of objectives rolls out the group's priority strategy in each country and consistently combines crossed objectives among different areas that cover the main projects of the current year to support the business strategy. The model is implemented at all levels and profiles of the company.

A new model of objectives disassociated from competency-based management was introduced in 2016 to roll out the company strategy. Furthermore, a talent suite called The Hub was implemented. Among other things, it is the place from which to organise management by objectives and competency-based management.

A social network of caring employees: Volunteers

The Cellnex Volunteers network was set up in 2015, a social network of volunteers who can contribute their ideas, skills, knowledge and time to implement solidarity projects. The main actions in 2016 were follows:

- Euro Solidario 2016: an initiative to gather micro donations of 1 euro a month. "Small gestures move the world" is the main motto of the campaign.

- Collaboration with the Food Bank: a food-collection initiative with the motto "Hunger does not take holidays".

Recogida de ilusiones 2016: a solidarity campaign for children and adolescents: this initiative involves collecting toys and financial contributions for children's and youth groups most in need during the Christmas holidays.

Commitment to health and well-being at work

In order to ensure a healthy working environment in which all company staff know the health and safety measures in the workplace, the company provides training in occupational health and safety for the whole workforce. In 2016, some 13,006.50 hours of training were imparted in occupational risk prevention and occupational safety.

Cellnex also looks after well-being on its premises, striving to implement the best health and safety measures and ensuring compliance with the relevant rules in all its premises. In order to ensure compliance with existing legislation on occupational health and safety and its integration in all the company's departments and processes, Cellnex Spain and the businesses that make it up are certified according to OHSAS 18001:2007 by the auditing body TÜV Rheinland.

Cellnex Spain has a Multi-Plant Health and Safety Committee which handles prevention issues affecting the company as a whole. It also has two Health and Safety Committees, for the Barcelona and Madrid sites, which handle issues specific to the corporate buildings. In 2016, there were four meetings of the health and safety committee, representing 98.2% of the workforce in Spain. In parallel to this, there is an e-mail of the Joint Prevention Service and an app on the corporate Intranet to allow any Cellnex worker to communicate any situations in which worker safety could be compromised.

Similarly, in Italy direct communication channels have been established between the Human Resources Department and the staff to communicate situations that could comprise safety and prevention of occupational risks. Also, procedures have been defined for action required on receiving communications.

SOCIAL VALUE

CELLNEX WORKS ALONG WITH ITS CUSTOMERS, SUPPLIERS AND KNOWLEDGE GENERATORS

Cellnex's commitment is based on the company's industrial vision and its core values of Quality, Environment, Occupational Risk Prevention, R&D+i activities and Information Security. On the basis of this vision, Cellnex seeks to achieve excellence in these areas and to meet the expectations of its stakeholders to ensure their satisfaction and sustainability in the relationship.

The company works permanently in the European organisations of which it is a member on the drafting of standards and the implementation of advanced technological solutions in the various markets in which it operates: broadcasting, Smart Cities, IoT, etc. Cellnex also works along with its customers, suppliers and knowledge generators (universities, technology centres) to support applied innovation and outreach initiatives and dissemination of new developments.

Customers

Cellnex maintains stable relationships with its customers based on proximity, transparency and the search for constant improvement. Given the type of services it provides, Cellnex's customer base is characterised by a small number of large customers, to which it provides high added value services.

To ensure quality of service, one of the key factors for Cellnex, and one that defines its relationship with customers, is effective management of significant events and incidents as well as complaint management, enquiries and suggestions, which may affect the operation of the service received by the customer. 13 complaints were received and resolved in 2016, of which 6 pertained to Spain and 7 to Italy.

As part of the effective management of significant events and incidents, there are various business continuity guidelines and plans designed to ensure that critical services can continue to be provided in the event of failure in any system, either by protecting these or by redundancy.

In Spain, switching is performed automatically in the event of a failure in redundant systems. The Control centres from which the network is operated and monitored are available 24/7. The equipment supporting the delivery of core services is controlled remotely from the control centres and, if necessary, can force the manoeuvres necessary for the proper provision of the service. Operational units are also available in all provinces of Spain so that a qualified technician can be sent to the site of the fault, when necessary, to provide a solution within the time stated in our service level agreements. Since the company provides its services and operates its network 24/7 in all locations, there is no downtime on any sites.

As regards information security and protection of customer data, there were no leaks, theft or loss of information either in Spain or in Italy, therefore no claims were received in this connection. For Cellnex Italy, as an improvement in this field of activity, legal clauses on privacy and data protection were added in each contract.

To ensure a personal and stable relationship, we have defined the figure of account manager, represented by a person from the company who looks after the relationship with the external customer and aims

to provide personalised service in real time, improving customer satisfaction across the board.

With the provision of new network services such as Smart Cities and IoT services, Cellnex is beginning to experience a change in the type of its customers. Specifically, the new services entail managing a greater number of customers and players from different sectors that are also geographically disparate. This new scenario involves a change in the customer management model, which requires the implementation of new communication channels in addition to the account manager, web or email. In this new scenario it is particularly important for Cellnex to be present in forums, conferences and events in which Cellnex plays an active role.

Likewise, Cellnex has established a number of communication channels with customers, such as those contained in the service-level agreement (SLA) reports, or the biennial studies of perceived customer satisfaction, the outcome of which feeds into action and improvement plans.

These studies were established with the following specific objectives:

- To have a complete picture of customers' overall perception of the company.
- To learn about the level of customer satisfaction, breaking down and parametrising overall levels of satisfaction into the various values and attributes in the study.
- To produce a map of customer indicators with the services provided by the company for each activity and segmented by business area and type of customer.
- To determine company recommendation and loyalty rates relating to each service, activity, business area and customer type.
- To determine the critical points and strengths and establish an action plan based on the external customer satisfaction study..

> 13 COMPLAINTS WERE RECEIVED AND RESOLVED IN 2016, OF WHICH 6 PERTAINED TO SPAIN AND 7 TO ITALY.

Satisfaction study 2016

In 2016 Cellnex Italy performed its biennial satisfaction customer survey, producing very positive results and reaching overall satisfaction levels of 85%.

For Cellnex Spain, the biennial study was conducted in 2015 with results of 86.8% of satisfied and very satisfied customers.

Commitment to customers

Working and management procedures with Cellnex customers are defined through values of responsibility and commitment and are reflected in price setting and information, with a constant focus on communication and proximity across the board.

Regarding the television signal broadcast carrier service, Cellnex Spain has to provide its nationwide network access services to third-party operators, as stated in the Resolution of 30 April 2013 of the National Commission for Markets and Competition (CNMC). The obligations laid down in the Resolution include publishing a reference offer for the provision of wholesale access service that is sufficiently disaggregated to ensure that they do not have to pay for resources that are not needed for the regulated service. In order to fulfil this obligation, Cellnex Spain developed the reference offer for access to Cellnex, S.A's transmission centres (ORAC) for the first time in October 2009. The ORAC describes the centres and services, procedures for providing them, technical conditions and prices for providing the wholesale access service that will give authorised operators access to the broadcasting centres in the Cellnex national network on transparent, objective, non-discriminatory and cost-oriented terms. This information is updated regularly.

Likewise, Cellnex has Business Coordination Activities agreements with its customers through which the company defines the audit processes to be made on its customers. These audit processes seek to comply with current regulations concerning occupational hazards.

RD171/2004 (the Royal Decree implementing Article 24 of Law 31/1995 of 8 November 1995 on Occupational Risk Prevention, on coordination of business activities) and LPRL 31/1955 (Law on Occupational Risk Prevention).

The company has a proprietary OSS under which it performs a thorough control of access to its centres, thus ensuring strict compliance with the ORP policy and the access procedures by customers and contractors.

In addition to the documentary audit on ORP, and in order to emphasise compliance with access procedures, this part of the agreements on coordination of the business activities Cellnex has signed with its customers was audited during 2016.

Providers

Cellnex has a supplier management model based on cooperation and joint improvement. This model aims to implement more efficient procurement procedures and find technological solutions to bring about improvements, both in internal management and in providing services to customers. It should be underlined that the model is governed by the use of best practices in procurement processes undertaken.

Cellnex's providers and suppliers have to know the corporate policies and ensure that they comply with each of them. Cellnex publishes a series of policies on its corporate website for suppliers, concerning quality, environment, occupational risk prevention, information security, corporate responsibility and R&D+i as well as the code of ethics. Suppliers must comply with these requirements in the course of their work, and must also make available these rules and requirements to all contracted and subcontracted personnel.

Cellnex is committed to local value generation by using 100% local suppliers in Italy, and 93% in Spain. Wherever possible, priority is given to purchasing goods and services from local suppliers, meaning from within the same country.

WORKING AND MANAGEMENT PROCEDURES WITH CELLNEX CUSTOMERS ARE DEFINED THROUGH VALUES OF RESPONSIBILITY AND COMMITMENT.

COMPANIES AUDITED
18

WORKERS AUDITED
74

COMPANIES WITH A FAVOURABLE RESPONSE, CORRESPONDING TO 38 EMPLOYEES
8

COMPANIES WITHOUT ANY RESPONSE
12

Evaluation, selection and monitoring of suppliers

Cellnex's companies apply a procedure for evaluating and selecting suppliers in order to ensure that suppliers are aligned and comply with corporate policies and values.

They have systems for the evaluation, selection and monitoring of suppliers for Cellnex Spain. On the one hand, the company has an internal procedure listing the criteria and steps to follow to become a Cellnex provider.

At a later stage, suppliers' performance is evaluated using quality and time criteria to obtain a classification by levels based on the result. For suppliers with unsatisfactory results, while there is a desire to continue the business relationship, an action plan is established to correct and adjust their service level to that required by Cellnex. If a supplier does not improve its results and is unable to make the appropriate improvements, commercial relations may be terminated.

Cellnex Spain updated and refined its evaluation systems in 2016 using supplier evaluation in three basic areas of sustainability: ethics, respect for the environment and labour relations. This evaluation sets out to have a clearer picture, from the point of view of sustainability, of the providers from which the company purchases most. A total of 357 suppliers was consulted in Spain, with 7 incidences related to labour practices detected.

The new evaluation model was implemented in Spain during 2016 and work is ongoing to set these up in other countries over the coming years.

As regards providers accessing the company facilities, Cellnex establishes requirements for coordinating occupational and environmental risk prevention. These make it possible to fulfil the obligations under the Law on Occupational Risk Prevention and other complementary legislation to avoid generating negative environmental impacts during the course of their work. If these do occur, the necessary corrective measures must be implemented to address them.

Public administration and regulatory bodies

Cellnex has a close relationship with the various public administrations in Spain and in Europe.

As an operator with significant market power (SMP) for the broadcast carrier service of the television signal in Spain, Cellnex is regulated by the National Commission for Markets and Competition (CNMC) in nationwide network access services.

Moreover, responsibility for security, the environment and construction is shared between the Autonomous Community and local administrations.

Finally, Cellnex's level of internationalisation and the sector's significant level of globalisation means that the European level of administration and regulation is even more relevant. The European Commission and European Parliament, along with the key players in the telecommunications sector, are involved in defining the regulatory framework and creating policies at European level. In this area, Cellnex plays an active role in defending the industry's positions, especially with regard to the allocation of radio spectrum to audiovisual broadcasting services.

CELLNEX'S LEVEL OF INTERNATIONALISATION AND THE SECTOR'S SIGNIFICANT LEVEL OF GLOBALISATION MEANS THAT THE EUROPEAN LEVEL OF ADMINISTRATION AND REGULATION IS EVEN MORE RELEVANT.

Cellnex action and participation in relevant industry associations

In 2016, Cellnex continued to participate in sectorial forums and associations. Here are some of the most significant participations during the year:

• Broadcast:

— Cellnex is a member of "Hybrid Broadcast Broadband TV Association" (HbbTV). This is a global initiative for combining broadcast and broadband services through connected TVs, set-top boxes and multi-screen devices. The association is made up of industry players seeking to improve the consumer experience with innovative and interactive solutions. Possible applications of this solution are interactive advertising, voting, games, video on demand (VoD), among others.

— Participation in ETSI, the European Telecommunications Standards Institute.

— Cellnex is a member of the Steering Board of Digital Video Broadcasting (DVB) and of the technical and commercial working groups.

• Smart City & IoT:

— Cellnex takes part in working group CTN 178 of the Spanish Association for Standardisation and Certification (AENOR) for the standardisation of Smart Cities. The company is helping to build a virtual interoperability laboratory.

— Cellnex is part of the European Innovation Partnership on Smart Cities and Communities (EIP-SCC). This Association brings together various players such as cities, industry and citizens to improve urban life through more sustainable integrated solutions.

— Cellnex participates in the AIOTI Alliance, comprising members of the Internet of Things industry, research centres, universities, associations and public administrations. The aim is to monitor technology to achieve

the desired market positioning. The various players are organised into working groups, and Cellnex is present in the following:

- WG 1: IoT European research cluster

- WG 2: Innovation Ecosystems

- WG 8: Smart cities

- WG 9: Smart mobility

- WG 10: Smart environment (smart water management)

- WG 11: Smart manufacturing

— Cellnex participates in the Internet of Things Catalan Alliance, promoted by the Catalan Regional Government (Generalitat de Catalunya), in the framework of the smartCAT strategy. The Alliance seeks to identify the players in IoT, drawing on their knowledge, promoting the exchange of information and generating synergies between them.

- The company has provided a success story in the shape of a monitoring solution for electric car batteries.

- Cellnex was on the jury in the final round to choose the best innovation award.

- Towering:

— Cellnex takes part in the DAS&Small Cell Congress, where more than 600 attendees gather to explore the progress and opportunities available in the sector.

- Spectrum:

— Cellnex follows the World Radiocommunication Conferences (WRC). These conferences are held every three to four years and essentially set

out to revise the Radio Regulations, the international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits.

— Cellnex monitors working group EBU-SM (European Broadcasting Union - Spectrum Management).

On the European level

Cellnex is a founding partner and active member of:

- Broadcast Networks Europe (BNE). A Europe-wide association of broadcasters and operators, with the objective of developing the broadcasting technology ecosystem;

- European Wireless Infrastructure Association (EWIA). This Association aims to support its members in the development and emergence in Europe of independent telecommunications infrastructure operators and represent the industry's interests in matters of public policy within the European Union.

International level

Cellnex participates actively in sectoral working groups such as Digital Video Broadcasting (DVB) for the definition of new technological standards.

- International Telecommunication Union (ITU), the United Nations telecommunications agency, for defending its position on major regulatory issues, such as the World Radiocommunication Conference WRC-15.

Smart City Expo

Cellnex took part in a further edition of the Smart City Expo World Congress, the major world event on smart cities.

As in previous editions, the company's principal aim was to move forward in transforming urban centres to allow citizens to enjoy higher quality, more efficient and sustainable public services.

In an increasingly urban world - more than 60% of the population will live in cities by 2020 - city dwellers are looking for new ways to live, work and interact.

Against this backdrop, Cellnex is extending the development of projects and solutions which serve to monitor and manage public services under the potential of the information and communications technologies (ICT).

In light of this, the company is seeking to optimise resources, promote environmental sustainability and provide data to make urban centres more operational.The main axes around which Cellnex's proposals revolve were Infrastructures, connectivity, accessibility, mobility and urban resources management.

Professional Audiovisual Technology Show

Cellnex participated once again at the Professional Audiovisual Technology Show (Bit Broadcast). On this occasion, it unveiled the latest developments in audiovisual sector research, covering usage habits, spectrum efficiency and new services for viewers.

Among the main presentations was the broadcast on 4K UHD from Torrespaña, received in Madrid and its metropolitan area. This was a unique event, since it was the first time that a broadcast of this type could be picked up in the entire city.

UIMP days

Cellnex took part in 2016 at the 30th meeting of Telecommunications and Digital Economy organised by the Multisectoral Association of Electronics, Information Technology, Telecommunications and Digital Content (AMETIC) and the Telefónica Foundation.

This meeting is one of the most important events in the ICT industry's calendar in Spain, bringing together the principal players in a key sector for the national economy.

This time, the main objective was to inform the audience of the reality of the technological world via the thoughts and opinions of the leading representatives of major companies, especially Cellnex, turning the event into a vital forum for the most important players in Spain's technological arena.

Mobile World Congress MWC-2016

Cellnex Telecom took part in a new edition of the Mobile World Congress (MWC), the premiere global event for the mobile industry.

This time, in line with the goal of urban transformation, the company showcased its solutions in the field of mobile broadband, the various applications offered by connectivity through its IoT network, as well as the latest advances in the field of DTT, such as one of the first demonstrations in the world of 4k High Dynamic Range DTT.

YEAR AFTER YEAR, CELLNEX SHOWS ITS COMMITMENT TO SOCIETY BY ADHERING TO AND ORGANISING NUMEROUS INITIATIVES ON CORPORATE SOCIAL RESPONSIBILITY.

Responsible and committed business management

Adherance to CR initiatives

Year after year, Cellnex shows its commitment to society by adhering to and organising numerous initiatives on Corporate Social Responsibility. Below are the most important initiatives of 2016.

The company worked together with the Seres Foundation, whose aim is to "Build a healthier, stronger society with competitive businesses that can stand the test of time". The foundation aims to encourage and promote strategic business actions that contribute to an overall improvement of social reality. Cellnex has signed an agreement with the foundation through which it undertakes to:

- Work together with Seres Foundation to help it consolidate as an innovative benchmark entity.

- Disclose the collaboration between both entities in all possible communication initiatives.

- Share its knowledge in social best practices matters to make them available to society as a whole to enable Seres Foundation to become a platform for spreading and exchanging the social actions of companies.

- Participate in meetings between partners and other entities for social purposes.

In 2016 Cellnex collaborated with Fair Logistics Foundation, an organisation that works towards equal opportunities for groups at risk of exclusion from society and the labour market. Through this collaboration, Cellnex takes on the foundation's commitment to responsible consumption and the development of social logistics by importing fair trade and social economy products.

In 2016, Cellnex participated as a partner in the first "Serious Games for Health" training programme of the IT division of the department of medicine at the "Harvard Medical Faculty Physicians" which took place in Barcelona last April.

The training programme represented the first course on "Mobile Health" held in Barcelona. In this regard, the Harvard Medical Faculty Physicians, in conjunction with the Beth Israel Deaconess Medical Centre, formed the Foundation of the same name which aims to research into mobile applications for health.

Cellnex was actively involved in the event for promoting sustainable development organised by the International Academy for Social Economic Development (AISES) held in 2016 through the participation of the CEO of GALATA, SpA. This year's event was organised to discuss the commitment to sustainable growth through the "Sharing Economy, Smart Technologies and Social Innovation".

The Open Television group was presented before the Industry Committee of the Spanish parliament on 21 November 2016. The Group, comprising various organisations including Cellnex, aims to provide a differential perspective to the process of the Second Digital Dividend and ensure that the new reallocation is performed with respect for the general interest while providing guarantees for the citizens and parties affected.

CELLNEX HAS IMPLEMENTED A MANAGEMENT SYSTEM TO SUPPORT ITS ORGANISATIONAL MODEL.

The event ended with the signing of the Commitment to the Future of Open Television by UTECA, Cellnex, Fenitel, Televés, FAPAE, the CCOO and Sindicato de Periodistas trade unions, Unired, Academia de la Televisión, PATE, Asociación de Usuarios de la Comunicación, ICMedia and Tryo Comunicaciones.

In 2016 Cellnex took part in the Carbon Disclosure Project (CDP), one of the most highly recognised organisations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area. In this regard Cellnex received the award for best Spanish newcomer 2016 in the Climate Leadership Awards organised by the CDP.

In November 2015 Cellnex joined the United Nations Global Compact as an expression of its commitment to including the corporate social responsibility concept into its operational strategy and organisational culture. The United Nations Global Compact is an international voluntary initiative that includes more than 8,000 companies and institutions across 135 countries.

Under this agreement, Cellnex Telecom undertakes to promote and spread corporate sustainability policies and practices based on the 10 key principles promoted by the United Nations, focusing on the areas of human rights, labour standards, environment and combating corruption in business activities.

Cellnex's commitment to the United Nations Global Compact is part of its programme of Corporate Responsibility (CR) and materialised in November 2016 with the delivery of the first Communication of Progress (COP) by Cellnex.

Management Systems

Cellnex has implemented a management system to support its organisational model. The management system provides a framework for adopting a systematic approach in performing processes, thereby ensuring that they are effective. It also allows a procedure to be established to guarantee the quality of the services provided and to ensure that the activity is carried out in compliance with current legislation.

As a demonstration of its commitment to quality and excellence, Cellnex has renewed its certifications on quality management, environmental management, occupational health and safety, management of research, technological development and innovation (R&D+i) and information security management.

The certifications renewed were ISO 9001 on quality, ISO 14001 on the environment; OSHAS 18001 on prevention of occupational hazards; UNE 166002 on research, development and innovation; ISO 17025 on tests, measurements and calibration of equipment; and ISO 27001 on Information security.

Information security management

Cellnex worked on the following projects on security in 2016:

- Awareness-raising and education campaigns on information security through internal communication channels.

- Data loss prevention plan

  — Data review and classification phase based on confidentiality, data integrity, etc. As a result of this we have drawn up the Data map.

  — Analysis of the data following classification.

  — Next steps: Implementing security measures derived from the data map

- 24/7 monitoring of security events and incidents. Cellnex regularly monitors the company's communication networks through an OSC (Operational Security Centre) comprising its own BIA (Business Impact Analysis) personnel: Analysis and treatment of the risks to which Cellnex is exposed, both in terms of operations and processes, particularly as regards critical business processes. The target for 2017 is to roll out measures to minimise such risks.

Social contribution

COLLABORATION with the Spanish and Italian Red Cross organisations

In 2016 Cellnex continued to implement a collaborative programme with the Spanish NGO Cruz Roja for the fourth consecutive year and with its Italian counterpart the Croce Rossa , for the second year running. The agreement with Cruz Roja focuses on programmes to help refugees in Europe and those affected by earthquakes in Italy

In Spain, Cruz Roja is actively helping European refugees, and Cellnex's efforts will support actions aimed at integration and attention to basic needs as well as training activities. Regarding Italy, where Cellnex has a significant presence, the Croce Rossa organisation has provided assistance to people affected by the earthquakes in central Italy. In this regard, Cellnex 2016 extended its collaboration to programmes implemented by Croce Rossa.

COLLABORATION with TV3 Telethon

Cellnex has been taking part in the TV3 Telethon for more than 10 years. Its participation involved providing the connection free of charge between the various call reception centres and TV3's production centre up until 2015, when it began to contribute financially. Since 2015 Cellnex has been contributing €9,000 to the Telethon held each year.

Innovation and entrepreneurship

Cellnex Telecom's commitment to innovation, knowledge transfer and entrepreneurship, is expressed in its participation in the venture capital fund Caixa Capital Risc managed by "Caixa Capital TIC II FCR", for example. This is an investment vehicle created in August 2014 to support the growth and maturation of innovative companies in terms of their product and business model, characterised by the qualification and commitment of the management teams and with a focus on ICT technologies and projects in digital environments and mobility. The fund has an expected lifetime of 10 years and a value of €29.7 million of which Cellnex provides €0.6 million. €0.39 million had already been paid out of the fund as of 31 December 2016. 61% of the projects funded focus on ICT in B2B models, while the remaining 39% are digital business models aimed at the final consumer. Cellnex Telecom participates in the Monitoring Committee that reports on the implementation of the fund's resources and monitors and evaluates tracking of the investments.

Caixa Capital TIC II FCR investment fund

€29.7 Mn

39%

61%

€0.6 Mn

CELLNEX CONTRIBUTION

- B2B model projects
- B2C model projects
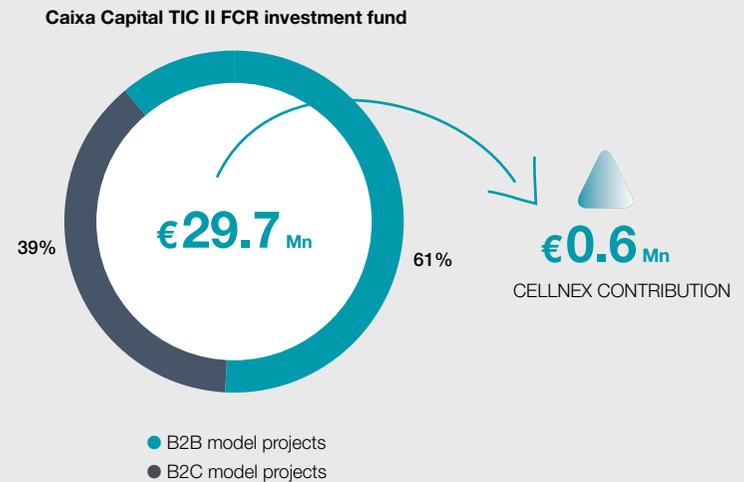
RESPONSIBLE ENVIRONMENTAL MANAGEMENT

CELLNEX HAS DEFINED SUSTAINABLE BUSINESS DEVELOPMENT AS ONE OF THE BASIC PILLARS OF ITS CR MASTER PLAN.

Cellnex has an Environmental Policy based on respecting the environment and protecting and preserving biodiversity through efficient use of resources and by promoting preventive actions.

So, not only does Cellnex base its activity on the principles of sustainability and responsibility, but has also defined Sustainable Business Development as one of the basic pillars of its CR Master Plan.

This involves the company committing to sustainability, environmental preservation and efficiency by setting goals, and more specifically by implementing concrete actions and programmes for all the companies of the Group.

The goals defined in the Plan as part of the Sustainable Business Development pillar are:

- Maintaining a level of integrated environmental management throughout the Cellnex Group;

- Promoting energy efficiency, increasing the use of renewable energy and implementing efficiency measures at the company's premises;

- Committing to sustainable mobility;

- Implementing a Zero Waste culture;

- Progressively reducing its carbon footprint;

- Protecting and respecting the ecosystems affected by Cellnex's activity;

- Participating in the analysis of the EMR. Participate actively in forums and agencies for the analysis and monitoring of electromagnetic radiation (EMR).

- Promoting a sustainable culture within the Cellnex organisation; Measuring and communicating environmental performance and reporting this annually in international organisations (CDP, GRI, DJSI, UNGC, FSTE…)

78% of the goals set for 2016 have been implemented and on 31 December 10% of the actions taken were available with measurable results.

Monitoring Environmental Impacts

Cellnex has a procedure for identifying and assessing environmental aspects and risks related to the company's business and its derived environmental impacts, as well as the significance criteria.

The most significant impacts are extracted from these assessments and inventoried. The impacts judged to be most critical are selected and incorporated into the company's management systems. Once incorporated, a monitoring system is established, and plans are devised to manage and mitigate the impacts.

The following management and efficiency plans are implemented according to the type of impact:

- Monitoring of energy consumption and carbon footprint.

- Energy efficiency management.

- Biodiversity management.

Consumption 2016

Waste

Cellnex manages and recovers 99% of the waste generated on-site.

Energy

Cellnex monitors the Group's energy consumption in order to achieve maximum efficiency and the lowest possible impact on the environment and hence on society.

The company's electricity consumption in 2016 was 261,915,315 KWh in Spain* and 215,937,000 kWh in Italy. It should be noted that this year was the first in which Cellnex has incorporated the annual consumption of its companies in Italy and also included the consumption of the sports facilities located at the corporate offices of Cellnex Telecom.

Cellnex Spain has photovoltaic generation facilities and small-scale wind turbines on its sites, which generated 67,910.5 kWh in 2016

* This electricity consumption refers to the electricity paid for by Cellnex Telecom, which includes both electricity purchased for own consumption (G4-EN3) and that consumed by Cellnex Telecom customers who share their sites with the company. A financial control consolidation approach was considered in the preparation of this indicator.

Distribution of electrical consumption by country

45%
55%
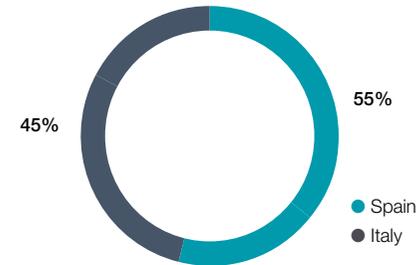
● Spain
● Italy

Evolution of fuel consumption by Cellnex

Diesel consumption by country (KWh)	2015	2016
Spain	10,165,777.7	9,497,843.25
Italy	2,058,000	3,480,185.68

* In 2015, consumption of the Italian company GALATA covered the last 9 months of the year. Annual consumption was included in 2016 as it was the first full year that GALATA had been part of the Cellnex Group.

Intensity of electrical energy consumption in Spain kWh/Income (Thousands of Euros)*

2015
515.56
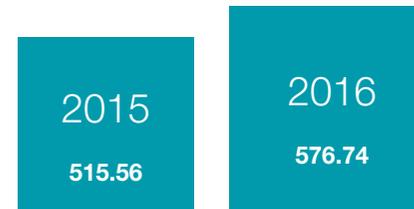
2016
576.74

* The reporting perimeter was enlarged in 2016 to include power consumption of the sports facilities located at the corporate offices of Cellnex Telecom.

CELLNEX TELECOM HAS BEEN CLEAN CO_2 COMPENSATION CERTIFIED, WHICH ACCREDITS ITS NEUTRALITY AND THE WITHDRAWAL OF CREDITS FROM THE PROJECT SELECTED FROM THE MARKIT ENVIRONMENTAL REGISTRY.

Carbon footprint

Cellnex has made a great and continuous effort to roll out policies and practices to comply with sustainability and environmental commitments. The Corporate Responsibility Policy and Environmental Policy based on respecting the environment and protecting and preserving biodiversity through the efficient use of resources and promoting preventive actions are good examples of the policies implemented by the company.

One example of this effort is the "Best Newcomer Spain" award received on 25 October 2016 organised by the Carbon Disclosure Project (CDP). CDP is an internationally recognised organisation working towards sustainability and the environment, which assesses both the quality of information and its reporting.

In 2016, Cellnex worked on the development and implementation of a software application called Clean CO_2, which calculates and offsets both the corporate carbon footprint of the Group's companies and the carbon footprint of the services it offers to its customers. This tool, based on the methodologies for calculating the carbon footprint in ISO 14064-1:2012 and the Greenhouse Gas Protocol, aims to introduce the concept of sustainability and carbon management into the services that Cellnex provides to its customers, for the calculation, management, offsetting and notification of the impact on climate change through the use of the services Cellnex provides. Clean CO_2 gives the company the capability to offset GHG emissions obtaining the "CO_2 Clean certified" label, a document certifying that the service offered to the customer is neutral in terms of GHG emissions.

In 2016, Cellnex took a step further in its efforts to combat climate change, offsetting Scope 1 GHG emissions from Spain's 2015 footprint, a total of 2,576 t.CO_2e, with the Balikesir Wind Power Plant Project, a high quality GHG emission-reduction project of the voluntary carbon market based in Turkey that brings environmental and social benefits to local communities.

Cellnex Telecom has been Clean CO_2 compensation certified, which accredits its neutrality and the withdrawal of credits from the project selected from the Markit Environmental Registry.

Cellnex emissions (t.CO_2)

	Scope 1	Scope 2	Scope 3
Spain	2,419.59	62,956.73	37,399.92
Italy	754	68,837	No disponible

Emissions (t.CO_2) Cellnex Spain	2015	2016
Scope 1	2,575.89	2,419.59
Scope 2	51,458.34	62,956.73
Scope 3	23,935.33	37,399.92

Cellnex Spain's GHG emissions are calculated taking account of the company's operational and organisational scope. To that end, the organisational scope was calculated on the basis of the operational control criterion for the corporate premises and technicians of the Cellnex Spain companies: Tradia, Retevisión and OnTower.

Notably, the Carbon Footprint presented has been verified by an independent third party, representing the first year's audited reporting of Cellnex with regard to Corporate Responsibility.

The operational scope is based on the following criteria:

- Scope 1: covers GHG emissions that are directly under Cellnex's control.

- Scope 2: covers indirect GHG emissions associated with the electricity consumption of Cellnex's own facilities.

- Scope 3: this takes into account indirect GHG emissions resulting from the organisation's activities but which are generated in sources owned or controlled by another organisation. In calculating emissions, account was taken of emissions from: production of water and paper consumed, management of waste generated, movements by third parties upstream and downstream, corporate travel by the workforce and the assets that Cellnex rents to other parties.

CELLNEX TELECOM COMPLIES WITH THE RULES ASSOCIATED WITH ELECTROMAGNETIC EMISSIONS FOR THE GENERAL PUBLIC AND ITS WORKERS.

Energy efficiency

In 2016, Cellnex continued to work to obtain procedures and activities to help the company reduce its consumption of energy and natural resources. This objective is attained through two different approaches; one is based on implementing projects in the company's premises, and the other involves Cellnex's active participation in research projects seeking to improve efficiency of consumption and reduction of waste generation.

Various efficiency projects were started this year that are significant in terms of the impact they can have on Cellnex's sustainable management model.

- First experience of Free Cooling energy efficiency in Italy. The project involves installing a cooling device in locations to help reduce the use of cooling equipment during favourable weather conditions. It is important to note that cooling equipment represents the main energy consumption at sites. The study identified the sites where it is feasible to implement the technology and can help to make significant savings. The results are currently being gathered from these new devices and it is expected to start deploying the equipment at the 400 potential sites identified for installation.

- Three energy efficiency projects have been launched in Spain with very significant energy saving results. These efficiency projects avoided the consumption of 5,083,256 KWh, representing 1,999.48 Tn eq CO_2 in 2016, with regard to consumption figures for 2015. Some examples of outstanding projects were: the Arganda Centre, where various energy efficiency measures were applied, promoting the use of free cooling throughout the facility as a means of primary air conditioning, adjusting the air conditioning equipment according to current thermal needs and renewing obsolete machinery.

- Deploying 3000 remote units at all tower sites in Spain. This involved managing sites and installing meters to measure energy consumption in a more precise manner. This measurement will make it possible to monitor real consumption and to assess possible efficiency measures.

- Collaborations with research centres to improve generating devices and energy accumulators such traditional batteries, super converters, etc... These studies aim to identify efficiency measures.

- Circular economy. Cellnex has begun the first circular economy pilot in its Spanish and Italian companies through an agreement with an Italian waste treatment company. The project involves recovering materials from DTT transmitters for secondary uses. The project opens the door to future studies on reuse of materials from the company's sites.

CELLNEX MANAGES ITS FACILITIES TO MINIMISE ANY ENVIRONMENTAL IMPACT TO MEET ITS OBJECTIVE OF PRESERVING BIODIVERSITY.

Biodiversity

As part of the evaluation and monitoring of the aspects and impacts that the organisation could cause on the environment, Cellnex has identified loss of biodiversity and the environmental impact on living beings and natural species as significant in this regard. Cellnex manages its facilities to minimise any environmental impact to meet its objective of preserving biodiversity.

This commitment is embodied in the actions included in the CSR Plan formalised in 2016, through which Cellnex seeks to reduce its environmental impact. This objective can be seen in a management that fosters the highest possible integration of the infrastructure into the surroundings, responsible and efficient management of consumption and waste in all company facilities and preservation of ecosystems affected by the company's activity.

In Italy 23% of the sites are within protected areas, while in Spain this figure is 57%. Since only maintenance activities could have a potential environmental impact, Cellnex manages these activities through contracting suppliers who apply and guarantee best practices in environmentally safe operations.

Visual impact

Cellnex understands the importance of reducing the visual pollution of its infrastructure and thereby minimising its visual impact. In this connection, the company has been working for several years on antenna installation and modification operations to visually integrate this technology into the surrounding environment.

In Spain, various measures were applied to mitigate visual impacts in 2016. The main actions included dismantling triangles of towers, relocating antennas and mimicry and camouflage projects for panel and facade antennas.

DaMA

Cellnex uses the DaMA (environmental data server) tool to display geographical data and identify declared natural protection sites in the country, information that is also found in the GESEM database. The server also provides access to environmental data relating to Cellnex Spain's sites.

Electromagnetc emissions

Cellnex Telecom complies with the rules associated with electromagnetic emissions for the general public and its workers. It conducts periodic measurements at technical centres with a permanent staff presence. As regards the general public, it ensures compliance with Royal Decree 1066/2001 at all sites.

The current situation in Italy involves a stricter regulatory framework, with limitation levels lower in Spain. Likewise, Cellnex Italy is working towards ensuring compliance.

BASES FOR THE PREPARATION OF THE REPORT

BASES FOR THE PREPARATION OF THE REPORT

THE REPORT IS STRUCTURED IN ACCORDANCE WITH THE GUIDELINES OF THE INTERNATIONAL INTEGRATED REPORTING COUNCIL AND ABIDES BY THE DRAFTING PRINCIPLES SET OUT BY VERSION G4 OF THE GLOBAL REPORTING. INITIATIVE.

This report represents the consolidation of the Cellnex integrated report after the first publication came out in 2015. In this report we wanted to incorporate best practices in corporate information, applying the integrated report framework as far as possible, presenting financial, management, corporate governance and strategic information to give a comprehensive overall picture of the company.

As a mark of Cellnex's commitment to transparency, a selection of key indicators has been audited by an independent third party, representing the first verified Cellnex Group Integrated Annual Report, as presented in the Assurance Report on page 94.

Structure and content of the report

The report is structured in accordance with the guidelines of the International Integrated Reporting Council and abides by the drafting principles set out by version G4 of the Global Reporting Initiative.

Following the guidelines laid down by those two standards, the content of this report was defined on the basis of a materiality study, which was used to identify the relevant internal issues for the company, expectations and concerns of Cellnex stakeholders and relevant corporate social responsibility issues in the sector.

Reporting scope

The report covers the two main current geographical areas of the organisation, Cellnex Spain (Cellnex Telecom, S.A., Retevisión, S.A.U, On Tower Telecom Infraestructuras, S.A.U and Tradia Telecom, S.A.U.) and Cellnex Italy (Cellnex Italia, S.r.L., TowerCo, S.p.A and Galata, S.p.A.) and excludes the companies Commscon Italia, Sr.L. and Sirtel, S.r.L. and is supplemented with the information presented in the Cellnex Consolidated Annual Accounts for the financial year ended 31 December 2016, the 2016 Consolidated Management Report and the 2016 Annual Corporate Governance Report, all publicly available on the company website.

The GRI contents that Cellnex has addressed in this report are detailed in the GRI table presented in the Annex, with the scope of information reported by each of them as shown in the table, depending on whether it applies specifically to Cellnex Spain, Cellnex Italy or to the Cellnex Group.

Also appended to the end of this document is the independent limited assurance report issued by PricewaterhouseCoopers Auditores, S.L. in relation to its review of certain CSR indicators reported in this Cellnex 2016 Integrated Annual Report. This report is presented together with the specific indicators reviewed, the criteria for their preparation and the scope of each one.

This review process was conducted in accordance with ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (Limited Assurance Engagements).

Determination of the content of the report

The Materiality Study helped to identify the key issues that the company intends to address, since they entail creating value and a contribution to society by the company. After obtaining the results of the study, Cellnex carried out a transparency and accountability exercise, by publishing this Integrated Report.

The study was conducted in accordance with the AccountAbility AA1000 standard and was structured into the following phases:

1. Initial phase identifying relevant issues;

2. Prioritising issues on the basis of the analysis results;

3. Assessment and validation of the issues identified by the main stakeholders of Cellnex Group;

4. Detailed examination of the material issues identified.

Material issues identified

Ethical management and good governance	1. Corporate governance
	2. Ethical governance and compliance practices
	3. Participation and involvement of stakeholders
	4. Transparency and reporting
	5. Management of risks and opportunities
Responsible and sustainable management	6. Energy management
	7. Emissions and climate change
	8. Impact of infrastructure on the environment and the community
	9. Managing socio-economic impacts on the local community
	10. Responsible procurement
Responsibility to employees	11. Involvement and commitment of workers
	12. Training, professional development and retention of talent
Commitment to customers	13. Contractual practices with customers (service provided and management)
	14. Service security
	15. Customer information security
Commitment to innovation and value creation	16. Innovation and development in product and service

Calculation methodology

In calculating CO_2 emissions generated by Cellnex, we took as a reference the emission factors established by the British Department of Environment, Food & Rural Affairs (DEFRA) in the 2016 version and by the CNE (Ministry of Agriculture, Food and Environment and LCA published by the Environmental Defense Fund.

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cellnex@cellnextelecom.com

ANNEX AND GRI INDEX

STANDARD DISCLOSURES:

General Standard Disclosures:	Description of Content:	Page	Omissions
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	2-5	
G4-2	Provide a description of key impacts, risks, and opportunities	2-5, 26-27	
Organizational Profile			
G4-3	Report the name of the organization	Cellnex Telecom, S.A.	
G4-4	Report the primary brands, products, and services	30-34	
G4-5	Report the location of the organization's headquarters	Cellnex Headquarters in Barcelona Avinguda del Parc Logístic, 12-20 - 08040 Barcelona	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	7-13	
G4-7	Report the nature of ownership and legal form	Cellnex Telecom, S.A	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	7-13	
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	14-16	
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	14-16, Annexed Table G4-10	
G4-11	Report the percentage of total employees covered by collective bargaining agreements	100% of Cellnex's employees are covered by collective bargaining agreements	
G4-12	Describe the organization's supply chain	30	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure,	7-16	
Commitments to External Initiatives			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	2-5, 26-27	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	64-70	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	64-70	

General Standard Disclosures:	Description of Content:	Page	Omissions
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Consolidated Financial Statements. Annex 1.	
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	77-78	
G4-19	List all the material Aspects identified in the process for defining report content	77-78	
G4-20	For each material Aspect, report the Aspect Boundary within the organization	77-78	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	77-78	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	No restatements of information provided in previous reports have been made	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	The Scope of this report includes Cellnex Spain and Italy. Financial data and total number of employees covered in this report include Cellnex France, Holland and UK.	
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization	19	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	The selection of Cellnex's stakeholders has been carried out based on a materiality study in which the main stakeholders of the organization were analyzed as well as their main worries and concerns.	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	19, 53-76	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	19, 53-76	
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Calendar year	
G4-29	Date of most recent previous report (if any)	2015	
G4-30	Reporting cycle (such as annual, biennial)	Anual	
G4-31	Provide the contact point for questions regarding the report or its contents	78	
GRI Content Index			
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.	77	

General Standard Disclosures:	Description of Content:	Page	Omissions
Assurance			
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	77	
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	20-23 Section C del IAGC 2016	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Section C del IAGC 2016	
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Section C from the ACGR 2016	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	2-5 Section C from the ACGR 2016	
G4-38	Report the composition of the highest governance body and its committees	20-23 Sections C.1,2 y C.1,3 from the ACGR 2016	
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	Section C from the ACGR 2016	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	IAGC Section C from the ACGR 2016	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	IAGC Section D.6 from the ACGR 2016	
Highest Governance Body's Role in Setting Purpose, Values and Strategy			
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	IAGC Section C from the ACGR 2016	
Highest Governance Body's Competencies and Performance Evaluation			
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	IAGC Section G from the ACGR 2016	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	IAGC Section C.1,20 from the ACGR 2016	
Highest Governance Body's Role in Risk Management			
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	24-27 Sections C y E from the ACGR 2016	
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	24-27 Sections C y E from the ACGR 2016	
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	24-27 Sections C y E from the ACGR 2016	

General Standard Disclosures:	Description of Content:	Page	Omissions
Highest Governance Body's Role in Sustainability Reporting			
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Board of Directors	
Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance			
G4-49	Report the process for communicating critical concerns to the highest governance body	Sections C from the ACGR 2016	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Sections C from the ACGR 2016	
Remuneration and Incentives			
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Section C del IAGC 2016	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	Section C del IAGC 2016	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Section C del IAGC 2016	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	The ratio obtained from the calculation between the remuneration of the person holding the position of CEO and the average remuneration in Spain is 17.2 for the year 2016 ,slightly higher than the ratio of 17.1 for 2015. To calculate the remuneration ratio, we have used the salaries and wages, bonuses and incentives of Spanish companies during the financial year, as well as the average workforce of these companies, and have applied an arithmetic average. The figure of the highest paid person was calculated on the basis of remuneration accrued in 2016, excluding contributions to pension funds and life insurance premiums.	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	Confidential information	
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	18, 24-25, 41	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	24-25, 41	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	24	

SPECIFIC STANDARD DISCLOSURES:

Specific Standard Disclosures:	Description of content:	Page	Omissions
Category: Economic			
Economic Performance			
DMA	Management approach	7-17	-
G4-EC1	Direct economic value generated and distributed	46	-
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	2-5	-
G4-EC3	Coverage of the organization's defined benefit plan obligations	53-59	-
G4-EC4	Financial assistance received from government	No significant assistance of this nature has been received	-
Market Presence			
DMA	Management approach	53-59	-
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Both in Spain and Italy the ratio is above 1.	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	54	-
Indirect Economic Impacts			
DMA	Management approach	48-43, 67-72	-
G4-EC7	Development and impact of infrastructure investments and services supported	48-43, 67-72	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts	48-43, 67-72	-
Procurement Practices			
DMA	Management approach	61-63	-
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	61-63	-
Category: Environmental			
Materials			
DMA	Management approach		
G4-EN1	Materials used by weight or volume		
G4-EN2	Percentage of materials used that are recycled input materials		
Energy			
DMA	Management approach	71-72, 74	
G4-EN3	Energy consumption within the organization	72	
G4-EN4	Energy consumption outside of the organization	71-72, 74	
G4-EN5	Energy intensity	72	
G4-EN6	Reduction of energy consumption	72	
G4-EN7	Reductions in energy requirements of products and services	71-72, 74	
Water			
DMA	Management approach		
G4-EN8	Total water withdrawal by source		
G4-EN9	Water sources significantly affected by withdrawal of water		
G4-EN10	Percentage and total volume of water recycled and reused		

Specific Standard Disclosures:	Description of content:	Page	Omissions
Biodiversity			
DMA	Management approach	71-72, 74	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	72	
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	71-72, 74	
G4-EN13	Habitats protected or restored		
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		
Emissions			
DMA	Management approach	71, 73	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	73	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	73	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	73	
G4-EN18	Greenhouse gas (GHG) emissions intensity	73	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	74	
G4-EN20	Emissions of ozone-depleting substances (ODS)		
G4-EN21	NOX, SOX, and other significant air emissions		
Effluents and Waste			
DMA	Management approach		
G4-EN22	Total water discharge by quality and destination		
G4-EN23	Total weight of waste by type and disposal method		
G4-EN24	Total number and volume of significant spills		
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention2 Annex i, ii, iii, and viii, and percentage of transported waste shipped internationally		
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		
Products and Services			
DMA	Management approach	71, 75	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	71, 75	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		
Compliance			
DMA	Management approach	2-5, 18, 64	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No significant fines have been received in this regard	
Transport			
DMA	Management approach		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		
General			
DMA	Management approach		
G4-EN31	Total environmental protection expenditures and investments by type		

Specific Standard Disclosures:	Description of content:	Page	Omissions
Supplier Environmental Assessment			
DMA	Management approach	62-63	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	62-63	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	63	
Environmental Grievance Mechanisms			
DMA	Management approach	71	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	No significant grievances have been received in this regard	
Category: Social			
Labor Practices and Decent Work			
Employment			
DMA	Management approach	53-54	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	See annexed table	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Cellnex Spain offers the social benefits stated in the collective bargaining agreement. Cellnex Italy doesn't differentiate between the social benefits offered to full- and part-time employees – all employees count with health and life insurance, disability and invalidity insurance, parental leaves and pension scheme.	
G4-LA3	Return to work and retention rates after parental leave, by gender	See annexed table	
Labor/ Management Relations			
DMA	Management approach	53-54	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The minimum notice period in Cellnex Spain is the one established in the collective bargaining agreement. Cellnex Italy does not count with a minimum notice period and any change that could potentially be conflictive is to be negotiated with the correspondent labor unions prior to its execution.	
Occupational Health and Safety			
DMA	Management approach	59	
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	59 98.2% of Cellnex Spain's employees are represented in the health and safety committees.	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	No activities that could lead to occupational diseases have been identified.	

Specific Standard Disclosures:	Description of content:	Page	Omissions
G4-LA8	Health and safety topics covered in formal agreements with trade unions	In 2016 four meetings of the three health and safety committees have been carried out in Spain. The people covered by the committees represent 91.61% of the workforce. In addition, the company counts with a mailbox from the Joint Prevention Service and an application in the corporate intranet so that any Cellnex employee can report those situations that could put workers' safety at risk	
Training and Education			
DMA	Management approach	53-59	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	57, See annexed table.	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	57, 58	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	59	
Diversity and Equal Opportunity			
DMA	Management approach	20-23, 54	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22-23, 54 See annexed table	
Equal Remuneration for Women and Men			
DMA	Management approach		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Information not available	
Supplier Assessment for Labor Practices			
DMA	Management approach	61-63	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	63	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	63	
Labor Practices Grievance Mechanisms			
DMA	Management approach	59	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	From Human Resources the grievances/enquiries/doubts are funneled through the mailboxes of Personnel Management, Payroll, Time Registration, and Social Benefits.	
Human Rights			
Investment			
DMA	Management approach		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		
Non-discrimination			
DMA	Management approach		
G4-HR3	Total number of incidents of discrimination and corrective actions taken		

Specific Standard Disclosures:	Description of content:	Page	Omissions
Freedom of Association and Collective Bargaining			
DMA	Management approach		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		
Child Labor			
DMA	Management approach		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		
Forced or Compulsory Labor			
DMA	Management approach		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		
Security Practices			
DMA	Management approach		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		
Indigenous Rights			
DMA	Management approach		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		
Assessment			
DMA	Management approach		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		
Supplier Human Rights Assessment			
DMA	Management approach		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		
Human Rights Grievance Mechanisms			
DMA	Management approach		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		
Society			
Local Communities			
DMA	Management approach	48-52, 60, 64-70	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	48-52, 60, 64-70	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	48-52, 60, 64-70	
Anti-corruption			
DMA	Management approach	24-27	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	26	
G4-SO4	Communication and training on anti-corruption policies and procedures	25	
G4-SO5	Confirmed incidents of corruption and actions taken	25	

Specific Standard Disclosures:	Description of content:	Page	Omissions
Public Policy			
DMA	Management approach	64-70	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	64-70	
Anti-competitive Behavior			
DMA	Management approach	24-45, 61-62	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	During the 2016 financial year all Cellnex Telecom subsidiaries have been sued for anti-competitive behavior or monopoly practices, no records have been open in this regard by the market and competition surveillance authorities. Moreover, no sanctions or penalties have been imposed, (financial or otherwise) due to said practices.	
Compliance			
DMA	Management approach	24-27	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	During the 2016 financial year no Cellnex Telecom subsidiaries have been significantly sanctioned due to non-compliance with laws and regulations that entail the imposition of financial and non-financial penalties.	
Supplier Assessment for Impacts on Society			
DMA	Management approach	61-63	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	63	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	63	
Grievance Mechanisms for Impacts on Society			
DMA	Management approach	60	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	No grievances about impacts on society have been filed	
Product Responsibility			
Customer Health and Safety			
DMA	Management approach	60-62	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	All contracts signed with suppliers and clients take into account health and safety laws and regulations.	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No incidents related to this matter have occurred.	
Product and Service Labeling			
DMA	Management approach	31-34	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	31-34	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
G4-PR5	Results of surveys measuring customer satisfaction	61-62	

Specific Standard Disclosures:	Description of content:	Page	Omissions
Marketing Communications			
DMA	Management approach	60-62	
G4-PR6	Sale of banned or disputed products	No sales of banned or disputed products have been carried out.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No incidents of non-compliance with regulations and voluntary codes have occurred.	
Aspect: Customer Privacy			
DMA	Management approach	61-62	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	61. No complaints have been received during financial year.	
Compliance			
DMA	Management approach	24-25	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines have been imposed during 2016.	

TELECOM SUPPLEMENT:

Sector-specific Disclosures:	Description of content:	Page	Omissions
Providing access			
Access to telecommunications products and services			
DMA	Management approach	60, 64-66, 70	
PA.1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied		
PA.2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: Language, culture, illiteracy, and lack of education, income, disabilities, and age. include an explanation of business models applied		
PA-3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time	In Spain, the Control Centers from which the network is operated and supervised are available 24 hours, 365 days a year. The systems that support the provision of the main services can be remotely controlled and therefore, the pertinent maneuvers for the correct provision of the service can be carried out from the control centers if necessary. Operative Units are also available in all of Spain's provinces therefore, if necessary, a qualified technician can go to the location where the issue arose in order to solve it within the time frame established in our standard of service. Due to the fact that the company provides its services and is in operation 24 hours, 365 days a year in all of its locations, there are no locations or periods of inactivity.	
PA.4	Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include customer numbers/market share, addressable market, percentage of population covered, percentage of land covered		
PA.5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas		
PA.6	Programs to provide and maintain telecommunication products and services in emergency situations and for disaster relief	61. In Spain, emergency situations and disasters in the services provided and monitored from the control centers. Cellnex counts with two control centers from which this practice can be carried out. In ordinary conditions, said control centers are geographically distributed through the territory under supervision, however, in case of disaster either can take control of the monitoring and supervision of the entire network. From there and with the control and vision of everything that is occurring, the pertinent decisions are made, always with the aim of restoring the services within the least time possible and following an order that will be prioritized depending on the specific situation.	
PA.7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. for example: • Participation in industry initiatives or individual initiatives related to freedom of expression • Legislation in different markets on registration, censorship, limiting access • Interaction with governments on security issues for surveillance purposes • Interaction with national and local authorities and own initiatives to restrict criminal or potentially unethical content • Protecting vulnerable groups such as children. Explain how such policies and practices are adapted and applied in different countries		
PA.8	Development and impact of infrastructure investments and services supported	50, 64-66, 70	
PA.9	Significant indirect economic impacts, including the extent of impacts	48-52, 64-70, 75	
PA.10	Initiatives to ensure clarity regarding charges and fees and rates	In Spain, the regulated part of our service which refers specifically to the diffusion at a national level, is published on our website and that of the CNMC, both the information and the rates.	
PA.11	Initiatives to inform customers about the product: characteristics and applications to promote responsible, efficient, profitable and environmentally sustainable use	60-62, 64-70	

Sector-specific Disclosures:	Description of content:	Page	Omissions
Technological applications			
DMA	Management approach	48-52	
TA.1	Provide examples of the resource efficiency of telecommunication products and services delivered	31-34, 48-52	
TA.2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	31-34, 48-52	
TA.3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings	31-34, 48-52	
TA.4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development	31-34, 48-52	
TA.5	Description of practices relating to intellectual property rights (IPR) and open source technologies	Cellnex Spain uses both proprietary SW (owned by third parties) with user license and SW developed through open source technology. In general, both for the licensed SW and the open source, Cellnex holds the intellectual property of all its developments. Even when these are based on third party technologies.	
Internal Operations			
Investments			
DMA	Management approach		
IO.1	Capital investment in telecommunication network infrastructure broken down by country/region	12, 15, 31-34	
IO.2	Net costs for service providers under the universal Service obligation (USO) when extending service to geographic. Locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.		
Health and Safety			
DMA	Management approach	59	
IO.3	Base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric 46 Group non-material aspect shock, exposure to electromagnetic fields (EMF) and radio frequency fields, and exposure to hazardous chemicals	59	
IO.4	Compliance with ICNIRP (international Commission on non-ionizing Radiation Protection) standards on exposure to radio frequency (RF) emissions from mobile handsets		
IO.5	Compliance with ICNIRP (international Commission on non-ionizing Radiation Protection) guidelines on exposure to radio frequency (RF) emissions from base stations		
IO.6	Policies/practices on Specific Absorption Rate (SAR) of handsets		
Infrastructures			
DMA	Management approach	17, 30-34, 35-39	
IO.7	Describe policies and practices on location of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible	75	
IO.8	Number /percentage; stand-alone sites, shared sites, and sites on existing structures sites		

G4-10 Report the total number of employees by employment contract and gender*

	Cellnex España				Cellnex Italia			
	2015		2016		2015		2016	
	Total	Women	Total	Women	Total	Women	Total	Women
Total number of employees on staff	1,172	19.0%	1,173	19.2 %	83	20.48%	111	22.5%
% employees with a fixed-term or indefinite contract (out of the total workforce)	98%	18.2%	100%	19.2%	100.%	20.4%	99.1%	22.5%
% employees with temporary contracts	2.1%	0.7%	0.0%	0.0%	--	--	0.9%	0.0%

* 2016 data for Cellnex France, Holland and United Kingdom is not available

Distribution of employees by category*	Cellnex España		Cellnex Italia	
	2015	2016	2015	2016
Directors	20	23	Not available	7
Managers	70	75	Not available	3
Other employees	1,070	1,075	Not available	101
TOTAL	1,160	1,173	Not available	111

* 2016 data for Cellnex France, Holland and United Kingdom is not available

G4-EN15, EN16, EN17 GHG emissions (t. eq CO_2)

Cellnex Spain emissions	2014	2015	2016
Scope 1	2,639	2,576	2,420
Scope 2	42,780	51,458	62,957
Scope 3	21,436	23,935	37,400

G4-LA1 Total number and average employee turnover by age group, gender and region

Total employees by region	2013	2014	2015	2016
Spain	1,138	1,146	1,160	1,173
Rest of Europe	0	0	83	130
TOTAL	1,138	1,146	1,255	1,303

Turnover by age group	Cellnex España						Cellnex Italia						TOTAL Spain and Italy
	Under 30 years		From 30 to 49 years		Over 49 years		Under 30 years		From 30 to 49 years		Over 49 years		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Hires
Total number of employment contracts made	28	8	43	20	3	2	-	1	-	1	-	1	107
(% of total number of employment contracts made)	26.2%	7.5%	40.2%	18.7%	2.8%	1.9%	-	0.9%	-	0.9%	-	0.9%	100%
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Dismissals
Total number of dismissals	12	5	20	8	2	1	-	-	1	1	1	-	51
(% of total dismissals)	23.5%	9.8%	39.2%	15.7%	3.9%	2.0%	-	-	2.0%	2.0%	2.0%	-	100%

* 2016 data for Cellnex France, Holland and United Kingdom is not available

Average turnover rate	6.25

G4-LA3 - Return to work and retention rates after parental leave, by gender *

Cellnex España	No of employees with parental leave	Of which those that have returned to work	Of which those that are still in the company after 12 months
Women	14	14	14
Men	32	32	32

* 2016 data for Cellnex Italy, France, Holland and United Kingdom is not available

G4-LA9 Average hours of training per year per employee by gender, and by employee category

Hours of training per person and by gender	Spain		Italy	
	Men	**Women**	**Men**	**Women**
Senior Managers	613,25	57,75	172	-
Middle Managers	1,992	685,5	8	120
Rest of Employees	32,787.8	7,364.8	2,176	376
Total hours by country	43,501.1		2,852	

Horas de formación por persona y género	Spain		Italy	
	2015	**2016**	**2015**	**2016**
Inversión total realizada en formación de empleados (euros)	446,115	480,126	Not available	87,106
Número total de horas de formación	39,563	43,501	Not available	2,852

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Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON CORPORATE SOCIAL RESPONSIBILITY INDICATORS

To the Management of Cellnex Telecom, S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators included in the Appendix 1 enclosed "List of revised CSR indicators 2016 of Cellnex" (hereinafter "CSR Indicators") of Cellnex Telecom, S.A and its corporate group (hereinafter "Cellnex Telecom") for the year ended 31 December 2016.

The CSR Indicators have been prepared in accordance with the contents proposed in the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version G4 (hereinafter GRI G4 Guidelines) and the Telecommunication Sector Supplement.

Responsibility of the Management of Cellnex Telecom

The Management of Cellnex Telecom is responsible for the preparation, content and presentation of the CSR Indicators in accordance with the GRI G4 Guidelines and the Telecommunication Sector Supplement. This responsibility includes designing, implementing and maintaining the internal control considered necessary to ensure that the CSR Indicators are free of material misstatement due to fraud or error.

The Management of Cellnex Telecom is also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained to prepare the CSR Indicators.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and on the evidence that we have obtained. We have carried out our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Therefore the assurance provided is also less.

The procedures carried out are based on our professional judgment and included enquiries, observation of processes, inspection of documentation, analytical procedures and tests of review, based on sampling, which have generally been as follows:

- Meetings with the personnel of several units of Cellnex Telecom involved in the preparation of the 2016 CSR Indicators.

- Analysis of the procedures used to compile and validate the data and information presented in the 2016 CSR Indicators.

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- Analysis of the adaptation of the 2016 CSR Indicators stated in the Appendix 1 to the GRI G4 Guidelines and the Telecommunication Sector Supplement.

- Verification, by review tests applied to a selected sample and performance of substantive tests on qualitative and quantitative information of the CSR Indicators of Cellnex Telecom included in the Appendix 1. We have also verified whether they have been appropriately compiled from the data provided by Cellnex Telecom sources of information.

Our Independence and Quality Control

We have complied with the requirement of independence and other requirements of the Code of Ethics for Accountants issued by the International Ethics Standard Board for Accountants (IESBA), based on the main principles of integrity, professional competence and due care, confidentiality and professional conduct.

PwC applies International Standard on Quality Control (ISQC 1) and consequently, our firm has a global quality control system which includes policies and procedures on the compliance of ethical requirements, professional standards and applicable statutory requirements.

Limited Assurance Conclusion

As a result of the procedures carried out and evidence obtained, nothing has come to our attention that causes us to believe that the CSR Indicators of Cellnex Telecom for the year ended 31 December 2016, included in Appendix 1, contain significant errors or have not been prepared, in all material respects, in accordance with the contents proposed in GRI G4 Guidelines and the Telecommunication Sector Supplement.

Use and Distribution

Our report is issued solely for the Management of Cellnex Telecom, in accordance with the terms and conditions of our engagement letter. We accept no responsibility to third parties other than the Management of Cellnex Telecom.

PricewaterhouseCoopers Auditores S.L.

Mª Luz Castilla

27th April 2017

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Annex 1. List of revised CSR Indicators 2016 of Cellnex.

Revised Indicators 2016					
GRI Indicator		**Scope**			**Revised data**
		Group	Spain	Italy	
General Standard Disclosures - Ethics and Integrity					
G4 -56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		✔		Pg. 18, 24-25, 41 of Cellnex's 2016 Integrated Annual Report.
G4 - 57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines		✔		Pg. 24-25, 41 of Cellnex's 2016 Integrated Annual Report.
Environmental					
G4 – EN3	Energy consumption within the organization	-	✔	-	- Electricity consumption in Spain: 261,915,315 kWh.This electricity consumption refers to the electricity paid for by Cellnex Telecom, which includes both electricity purchased for own consumption (G4-EN3) and that consumed by Cellnex Telecom customers who share their sites with the company. A financial control consolidation approach was considered in the preparation of this indicator. - Diesel consumption in Spain: 9,497,843.25 kWh. - Renewable generation in Spain: 67,910.5 kWh.
G4 - EN5	Energy intensity	-	✔	-	Intensity of electrical energy consumption in Spain: 576,74 kWh/Incomes (Thousands of Euros)
G4 - EN6	Reduction of energy consumption	-	✔	✔	- Reduction of energy consumption in Spain: 5,083,256 kWh. - Reduction of energy consumption in Italy: First experience of Free Cooling energy efficiency in Italy to decrease the use of refrigeration equipment in favourable climatic conditions.
G4 – EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		✔		Significant impacts: loss of biodiversity and impacts on living beings and natural species
G4 –EN15	Direct greenhouse gas (GHG) emissions (scope 1)	-	✔	-	Emissions scope 1 Spain: 2,419.59 t eq CO_2
G4 –EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	-	✔	-	Emissions scope 2 Spain: 62,956.73 t eq CO_2. Covers indirect GHG emissions associated with the electricity consumption of Cellnex's own facilities.
G4 –EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	-	✔	-	Emissions scope 3 Spain: 37,399.92 t eq CO_2. This takes into account indirect GHG emissions resulting from the organisation's activities but which are generated in sources owned or controlled by another organisation. In calculating emissions, account was taken of emissions from: production of water and paper consumed, management of waste generated, movements by third parties upstream and downstream, corporate travel by the workforce and the assets that Cellnex rents to other parties.
G4 - EN19	Reduction of greenhouse gas (GHG) emissions	-	✔	-	Reduction of greenhouse gas (GHG) emissions Spain: 1,999.48 t eq CO_2
G4 - EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	✔	✔	No fines have been received related with this aspect.

Revised Indicators 2016					
GRI Indicator		Scope			Revised data
		Group	Spain	Italy	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	-	✔	-	No significant negative environmental impacts, real and potential, have been detected in the supply chain.
Labor Practices and Decent Work					
G4 - LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	-	✔	-	98.2% of Cellnex Spain's employees are represented in the health and safety committees.
G4 - LA9	Average hours of training per year per employee by gender, and by employee category	-	✔	✔	Total training hours: 46,353 h. Breakdown by country: - Spain: 43,501 hours of training. - Italy: 2,852 hours of training. - Total hours spent on safety training in Spain and Italy: 10,760 hours.
G4 - LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	-	✔	✔	- Spain: Leadership pathway, Pathway for project managers, Pathways for in-house trainers, Languages. - Italy: leadership training, adherence in 2015 to Fondirigenti, a national training organization, through which management training is managed.

G4 - LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		✔		Composition of governing bodies: pg. 22-23 of Cellnex's 2016 Integrated Annual Report.
					
					Staff breakdown
					- 1,303 total indefinite employees, 20% of whom are women.
					- Staff breakdown by country:
					  90% in Spain, 8.5% in Italy, 0.2% in France, 0.6% in the Netherlands, 0.7% in the United Kingdom.
					- Staff breakdown by gender:
					  Men: 1,047 total employed, 948 employed in Spain, 86 employed in Italy, 1 employee in France, 6 employed in the Netherlands, 6 employed in the United Kingdom.
					  Women: 256 total employed, 225 employed in Spain, 25 employed in Italy, 1 employed in France, 2 employed in the Netherlands, 3 employed in the United Kingdom.

G4 - LA14	Percentage of new suppliers that were screened using labor practices criteria	-	✔	-	357 suppliers have been evaluated according to criteria related to labour practices
G4 - LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-	✔	-	7 suppliers with significant negative impacts, real and potential, on labor practices in the supply chain have been detected.
Society					
G4 - SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-	✔	✔	The risk maps for Spain and Italy include compliance risks, including risks related to the Code of Ethics and corruption prevention.

GRI Indicator		Scope			Revised data
		Group	Spain	Italy	
Revised Indicators 2016					
G4 - SO4	Communication and training on anti-corruption policies and procedures	-	✔	✔	A communication campaign was run in 2016 to publicise the Group's Code of Ethics among employees in Spain and Italy. During 2017, the Ethics and Compliance Committee aims not only to implement the Code in the Netherlands, France and the United Kingdom, but also to provide training courses in this area to make Cellnex staff fully aware of aim and scope of the Code, as well as the responsibilities, guiding principles, guidelines for behaviour, compliance system and existing information channels. In addition, and in accordance with the new suppliers assessment system, in 2016 Cellnex started up an information campaign about its Code of Ethics, which will end in 2017.
G4 - SO5	Confirmed incidents of corruption and actions taken		✔		No cases of corruption were detected in the Cellnex Group during 2016.
G4 – SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-	✔	-	357 suppliers were assessed on the basis of criteria related to social impact.
G4 - SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	-	✔	-	No significant and potential negative impacts for the company were detected in the supply chain.
Product Responsibility					
G4 - PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	✔	✔	As regards information security and protection of customer data, there were no leaks, theft or loss of information either in Spain or in Italy, therefore no claims were received in this connection.
Telecom supplement: providing access					
G4 - PA 6	Programs to provide and maintain telecommunication products and services in emergency situations and for disaster relief	-	✔	-	In Spain, switching is performed automatically in the event of a failure in redundant systems. The Control centres from which the network is operated and monitored are available 24/7. The equipment supporting the delivery of core services is controlled remotely from the control centres and, if necessary, can force the manoeuvres necessary for the proper provision of the service.
Internal Operations					
G4 - IO 7	Describe policies and practices on location of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible	-	✔	-	In Spain, various measures were applied to mitigate visual impacts in 2016. The main actions included dismantling triangles of towers, relocating antennas and mimicry and camouflage projects for panel and facade antennas.
Legend Scope					
Group	Cellnex Telecom, S.A. and Subsidiaries included in the Consolidated Annual Accounts for the year ended 31 December 2016 and Consolidated Management Report.				
Spain	Cellnex Telecom, S.A., Retevisión, S.A.U, On Tower Telecom Infraestructuras, S.A.U and Tradia Telecom, S.A.U.				
Italy	Cellnex Italia, S.r.L., TowerCo, S.p.A y Galata, S.p.A. are included. Commscon Italia, Sr.L. y Sirtel, S.r.L. are excluded.				