

# Remuneration Policy



# Proximus Remuneration Policy

## Board of Directors and Leadership Squad

### I. Introduction

From now on, in accordance with Belgian law, Proximus SA, under public law, a Belgian listed company, publishes the general principles governing its remuneration policy applicable to the members of its Board of Directors and its [Leadership Squad](#).

Through this document, we aim to describe how Proximus develops its remuneration policies and practices, which are inspired by current legislation and by the Belgian Corporate Governance Code 2020 ("the 2020 Corporate Governance Code") as well as by the market practices and trends, but also according to its context, its specific strategies and its ambition to participate in an inclusive, secure, sustainable and prosperous digital Belgium.

Our company's remuneration policies and practices are overseen by our Nomination and Remuneration Committee ("NRC"), whose role and responsibilities are described in our Corporate Governance Statement published in our Annual Report. As a limited liability company under public law, we have adopted a governance model, in line with the Law of 21 March 1991 on the reform of certain autonomous economic public companies ("the 1991 Law"). For matters not explicitly regulated by the 1991 Law, Proximus is governed by the Belgian Code of Companies and Associations of 23 March 2019 ("the Belgian Code of Companies and Associations") and, on the basis of a comply-or-explain approach, the 2020 Belgian Corporate Governance Code.

This Remuneration Policy has been adopted by the Board of Directors on 25 February 2021 upon proposal of the Nomination and Remuneration Committee. This policy has been approved by the General Meeting of Shareholders of Proximus on 21 April 2021. This policy is applicable within Proximus as of that date for the next four years, unless significant changes in policy should be deemed necessary in the meantime.

We undertake to remunerate the members of the Board of Directors and of the Leadership Squad only in accordance with the remuneration policy as described in this document. Should the General Meeting not approve the remuneration policy, we shall continue to pay remuneration in accordance with our existing practices and the Board of Directors shall submit a revised policy for approval at the following General Meeting.

For the avoidance of doubt, to the extent the remuneration policy derogates from (article 7:121 juncto) article 7:91 Belgian Code of Companies and Associations, the approval of the Remuneration Policy by the General Meeting of Shareholders shall be considered an explicit approval of such derogations.

Further to its approval by the General Meeting, the Remuneration Policy is made available on the Proximus website.

## II. General vision in terms of remuneration

As provider of digital services and communication solutions, our company is operating in a complex, dynamic and constantly changing environment, on a highly competitive and rapidly evolving Belgian and international telecom market.

To achieve our transformation, ambitions and objectives, and so ensure the long-term sustainability of our Group, we need qualified, talented and highly committed employees and managers, working in close cooperation, building resilience and promoting our culture and values. It is therefore critical to have a competitive and market attractive Global Rewards Program for both the Leadership Squad members and all other members of the Top Management, as well as for the entire workforce.

Our company has innovative remuneration policies and practices that are regularly assessed and updated through close cooperation with universities and external human resources fora. The practices used for the remuneration of our employees are defined in a process of dialogue with the Board of Directors and with the social partners.

In view of its history as a public law company, our company presents certain differences, in its dynamics and structure, compared to the private sector. These differences have had a considerable influence on the evolution of its remuneration policy. Our human resources department has thus developed creative and modular programs to meet our obligations related to the statutory nature of the employment of certain staff members and has introduced new elements that have made it possible to harmonize policies between statutory and contractual staff members.

The main objectives of our Global Rewards Program are as follows:

- To drive performance that generates long-term profitable growth and create long-term value for our Group as a reference operator;
- To stimulate empowerment to meet our commitment to participate in the creation of an inclusive, safe, sustainable and prosperous digital Belgium;
- To offer a fair and equitable remuneration to our staff (both to civil servants and to the contractual employees), and competitive on the market;
- To recognize and reward high performance in line with our company values and culture;
- To link pay to both individual performance and the overall success of our company in order to reinforce the business strategy;
- To enable our company to attract and retain market's talents at all levels;
- To combine the needs and responsibilities of employees and their families with those of the company and society at large.

Our company also maintains - and modernises - powerful instruments, such as work- life benefits (e.g. sick childcare and hospitalisation) and social assistance.

Our priority is to work on the basis of remuneration practices that prepare the future and support the promise made to our employees to empower them to take accountability, to achieve our company's ambition and strategic objectives and to make them proud of the successes we achieve together.

### III. Remuneration Policy of the members of the Board of Directors

#### A. Decision-making process and measures to avoid or manage conflicts of interests

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the centre of ethical dilemmas and we put the right measures in place to ensure our business is conducted ethically, always reflecting our moral values. This first and foremost means having a clear governance model.

The key features of Proximus' governance model are as follows:

- a Board of Directors, which defines Proximus' general policy & strategy and supervises operational management
- an Audit & Compliance Committee, a Nomination & Remuneration Committee, and a Transformation & Innovation Committee created by the Board within its structure
- a Chief Executive Officer (CEO) who takes primary responsibility for operational management including, but not limited to, day-to-day management
- an Leadership Squad that assists the CEO in the exercise of his or her duties.

The Board of Directors is composed of no more than fourteen members, including the Chief Executive Officer. The CEO is the only executive member at the Board, all other members are non-executive Directors.

The CEO, who is the only executive Director, is not remunerated for the performance of his mandate as member of the Board of Directors and of the Committees, nor for any other mandate within the Group subsidiaries Boards of Directors, **with the exception of his mandate as Chairman of the Board of Directors of TeleSign US, as per American market practices.**

The General Meeting of Shareholders determines the remuneration of the non-executive members of the Board of Directors upon proposal of the Board of Directors, based on recommendations made by the Nomination and Remuneration Committee.

The General Meeting is solely competent for the remuneration of the members of the Board of Directors. This exclusive competence ensures that there are no conflicts of interest in this area. Each member of the Board of Directors therefore acts without conflict and always puts the interests of Proximus before his or her personal interests.

#### B. Structure of the remuneration of the members of the Board of Directors

Since its approval by the Proximus General Meeting of Shareholders in 2004, the non-executive Directors are remunerated as follows:

- For the Chairman of the Board of Directors:
  - An annual fixed compensation of EUR 50,000 granted pro rata temporis of the duration of the mandate
  - An attendance fee of EUR 10,000 per attended meeting of the Board of Directors
  - An attendance fee of EUR 2,500 per attended meeting as a member of an advisory committee of the Board of Directors. This fee is doubled per attended meeting as chairman of this advisory committee
  - An annual fixed allowance of EUR 4,000 for communication costs
  - The use of a company car
- For the other members of the Board of Directors:
  - An annual fixed compensation of EUR 25,000 granted pro rata temporis of the duration of the mandate
  - An attendance fee of EUR 5,000 per attended meeting of the Board of Directors
  - An attendance fee of EUR 2,500 per attended meeting as a member of an advisory committee of the Board of Directors. This fee is doubled per attended meeting as chairman of this advisory committee
  - An annual fixed allowance of EUR 2,000 for communication costs

These amounts are paid semi-annually and are not subject to indexation.

For the performance of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration, nor do they receive benefits linked to complementary pension plans or any other group insurance.

In short, the remuneration of Proximus non-executive directors is composed as follows:

	Chairman of the Board of Directors	Non-executive Director
Annual fixed compensation	EUR 50,000	EUR 25,000
Attendance fee to meetings		
Board of Directors	EUR 10,000	EUR 5,000
Committee as Chair of a Committee	EUR 5,000	EUR 5,000
Committee as member of a Committee	EUR 2,500	EUR 2,500
Allowance for communication costs	EUR 4,000	EUR 2,000

Although the 2020 Corporate Governance Code recommends that a non-executive board member should receive part of their remuneration in the form of shares in the company, the company has decided not to comply with this provision taking into account its specific shareholdership, having the Belgian State as majority shareholder.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund, and he does not receive any fees for these mandates.

### C. Contractual arrangements with the non-executive Directors

Directors are appointed at the General Meeting by Shareholders for a renewable term of up to four years. According to the independence criteria for independent directors, defined in article 7:87 of the Belgian Code of Companies and Associations and as further specified in the 2020 Corporate Governance Code, the maximum total term for independent Directors is in principle limited to twelve years.

The Board of Directors exclusively recommends candidates who have been proposed by the Nomination and Remuneration Committee, which takes into account the principle of reasonable representation of significant stable shareholders. Any shareholder who holds at least 25% of the shares has the right to nominate directors for appointment pro rata to his shareholding. Based on this rule the Belgian State has the right to nominate 7 out of the current 14 Directors. All other Directors must be independent within the meaning of article 7:87 of the Belgian Code of Companies and Associations and of the 2020 Corporate Governance Code and at any time the Board needs to have at least 3 independent Directors.

The General Meeting can dismiss a director without any notice period or severance payment, without any justification, and by a simple majority vote. However, the General Meeting is free to grant a notice period or severance payment upon dismissal.

We seek to attract a variety of director profiles, as a mirror of our company and of the society at large, recognized experts at the national or international level, with in-depth knowledge of either the telecom sector or the business field in general. Proximus is proud of a substantial female representation on its Board of Directors. This composition and the complementary expertise and skills of all Directors create a dynamic that benefits the good management of the company.

## IV. Remuneration Policy of the Leadership Squad

### A. Decision-making process and measures to avoid or manage conflicts of interests

The remuneration program of the Leadership Squad and the individual remuneration packages are set by the Board of Directors upon recommendations from the Nomination & Remuneration Committee. The individual remuneration packages are defined according to the individual responsibilities and skills.

The members of the Leadership Squad, CEO included, do not participate in the deliberations and vote within the Board of Directors as regards to their own remuneration. They neither participate in the discussions within the Nomination and Remuneration Committee as regards to their own remuneration. Reference is also made to the conflict of interest rules laid down in Article 7:96 of the Belgian Code of Companies and Associations.

#### *Competitiveness of the remuneration of the Leadership Squad*

The remuneration policies and practices applicable to the Leadership Squad are aimed to reward the executives competitively and at rates that are attractive in the market, align the interests of management and shareholders and comply with the governance rules applicable in Belgium. Although the 2020 Belgian Corporate Governance Code recommends that the Board should set a minimum threshold of shares to be held by the members of the Leadership Squad, the company has decided not to comply with this provision taking into account its specific shareholdership, having the Belgian State as majority shareholder.

To achieve its transformation, ambitions and objectives, and thus ensure the long-term sustainability of the Group, our company intends to attract and retain qualified, talented and committed leaders for its Leadership Squad. We want to recognize clear role models, who deliver a high level of performance and promote our culture and values.

Like the rest of the top management of our company, the members of the Leadership Squad benefit from dedicated reward programs which focus on the principles of our strategy to consistently reward high performance of individuals and of the company. A significant part of their total remuneration is variable, based on stringent quantitative and qualitative performance criteria, and is driven by our company's objectives in terms of performance and growth. This way, our company wants to encourage them to deliver a long-term, sustainable profitable growth, in line with our Group's strategy and the expectations of our shareholders.

The market positioning of these remuneration packages is reviewed on a regular basis by benchmarking the remuneration of the members of our Leadership Squad against both the BEL 20 companies (financial sector excluded) and a set of peer companies in the European Telecommunications and ICT sector. This analysis aims to ensure that the global remuneration of each member of the Leadership Squad remains adequate, fair and in line with market practices and consistent with the evolution of both his/her responsibilities and the market situation of the Proximus Group in terms of size, scope of activities and financial results.

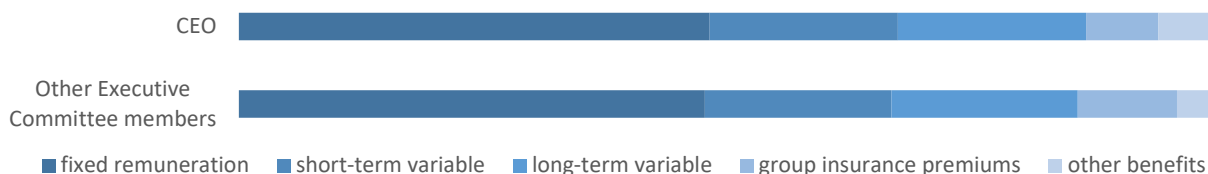
To distinguish ourselves from other employers, our company seeks to excel in the total package offered, by providing not only a cash remuneration but also numerous other benefits. A certain degree of freedom is also left to the top management, the CEO and the other members of the Leadership Squad included, with regard to the choice of the pay-out means of their variable compensation.

### B. Remuneration structure of the Leadership Squad

The remuneration of the members of the Leadership Squad is built upon the following components:

- Fixed remuneration
- Short-term variable remuneration
- Long-term variable remuneration
- Group insurance premiums
- Other benefits
- One-off and exceptional bonuses

Current variable remuneration policy is aligned for all Leadership Squad members, CEO included. The target percentage of both the short-term and the long-term variable remuneration amounts to 40% of the fixed remuneration.



The CEO and the other members of the Leadership Squad do not receive any remuneration in the form of Proximus shares or Proximus stock options.

## 1. Fixed remuneration

The fixed remuneration consists of a fixed salary earned by the CEO and by the other members of the Leadership Squad for the reported year in such respective roles. This remuneration is defined by the nature and the specificities of the function and by the level of individual skills and experience, considering market practices. This remuneration is allocated regardless of the results and is contractually subject to the consumer price index<sup>1</sup>.

The fixed remuneration of the CEO is set by the Board of Directors at the beginning of his six-year mandate for the duration of his mandate. The fixed remuneration of the Leadership Squad members others than the CEO is regularly assessed by the Nomination & Remuneration Committee, based on an extensive review of continued performance and assessment of potential of each member provided by the CEO, as well as on external benchmarking data on market practices. Thereby, the evolution of the fixed remuneration depends on the competency level of the Leadership Squad member, of his or her continued performance level, of the evolution of his or her responsibilities, as well as of the evolution of the market. Possible adjustments are always submitted to the Board of Directors for approval.

Since 2022, fees are paid by TeleSign US to Guillaume Boutin for his mandate as Chairman of the Board of Directors of TeleSign US, as is common practice in the United States. The same way, fees are also paid by TeleSign to a member of the Leadership Squad since 2022 for his mandate as Chairman of a Committee of TeleSign US. These fees are not included in the fixed remuneration reported in the Remuneration Report, which focuses on the compensation items related to Proximus S.A.

## 2. Short-term variable remuneration

### *Purpose and components of the short-term variable remuneration*

The members of the Leadership Squad, CEO included, receive a target short-term variable remuneration expressed as a percentage of the annual fixed remuneration. This target percentage is identical for all Leadership Squad members, CEO included, and amounts to 40% of the fixed remuneration.

Our short-term variable remuneration system has been designed to support the strategy and the values of our Group and to enhance a performance-based management culture.

Our company indeed considers close collaboration of all employees to be imperative, all efforts need to be focused and aligned towards the Group's success to ensure its sustainability.

The Group results are therefore highly impacting (for 60%) the short-term variable remuneration of the members of the Leadership Squad, on top of individual performance (for 40%), and this in line with our company values.

<sup>1</sup> in accordance with the rules laid down by the Law of 1 March 1977 organising a system of linking certain public sector expenditure to the State consumer price index, as amended by Royal Decree No 178 of 30 December 1982

## Group performance – Key Performance Indicators (KPIs)

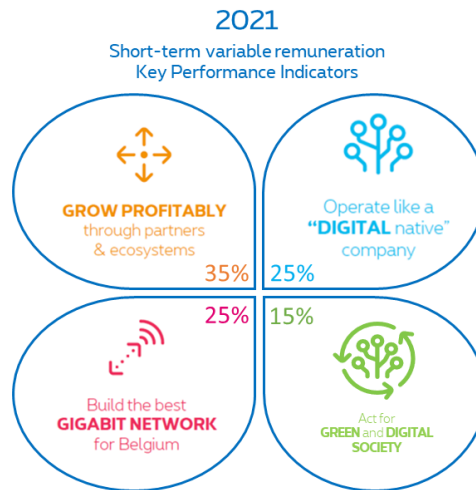
The short-term annual variable remuneration is thus partly calculated – for 60% – in relation to the Group’s performance against Key Performance Indicators (KPI’s), which are yearly set by the Board of Directors upon recommendation from the Nomination & Remuneration Committee.

We make sure that these KPI’s are varied, clear and measurable. They include financial as well as non-financial indicators at Group level and are inspired by our strategy of creating value for the clients and by our ambition towards a long-term sustainable growth.

These KPI’s are adapted annually in order to reflect at best the year-over-year evolution of our Group’s priorities and ambitions.

These KPI’s are reported annually in our remuneration report. The weight per indicator is also mentioned in the remuneration report, as well as the final result at Group level. For the sake of confidentiality, the detailed KPI’s are only reported a posteriori in our remuneration report.

The KPI’s at Group level are based on the strategic goals of the company.  
For instance, for performance year 2021:



For each performance indicator, a target amount or percentage is defined, as well as a range defining the minimum and maximum limits.

**The high ESG (Environmental, Social and Governance) ambitions of our Group are reflected in our STI KPI’s.** The chosen KPI’s show our company’s commitment to contribute to a more green, circular and safe society. In the 2022 framework, dedicated metrics on CO2 emissions reduction have been added. The weight of the ESG-related KPI’s in the overall STI framework increase year over year, in line with the increased importance of climate change and digital inclusion on the societal agenda.

The Business Cash Flow and the Gross Opex Savings are determined on the basis of audited reported financial figures, adjusted to obtain underlying financial figures after exclusion of incidentals. Non-financial indicators are measured by internal and external agencies specialized in market and customer intelligence, of which the processes are audited on a regular basis.

The achievements of these KPI’s are regularly followed-up at the Leadership Squad and are discussed at the Nomination & Remuneration Committee and at the Board of Directors.

## Individual performance

The individual performance is taken into account for 40% in the short-term variable remuneration.



On top of the Group results, the individual performance is annually evaluated in the course of the first quarter following the end of the financial year by the Board of Directors. This evaluation is based on the recommendations made by the Chairman of the Board of Directors for the CEO performance and by the CEO for the other members of the Leadership Squad.

Throughout each performance period, the achievements of the on-going year are regularly measured and discussed. The final evaluation takes into account the realizations versus predefined measurable individual objectives as well as the achievements of the Leadership Squad members in their leadership role and their active role in the promotion of our company culture and values.

These individual objectives are set every year in line with the specific role and responsibilities of each Leadership Squad member and need to reflect our long-term corporate strategy which is cascaded within the company and included in the individual objectives as to enable our Group to fulfil its ambitions.

ESG-related metrics are part of the individual annual targets, such as climate change KPI's (aiming to reduce our environmental footprint, that of our customers and that of our suppliers), a positive influence on (digital) society, governance KPI's or parameters with a social responsibility dimension. Our company wants to encourage permanent awareness and climate-friendly behaviour and management.

We are committed to stimulate high and sustainable levels of performance in a spirit of innovation, collaboration, agility and personal development.

Upon final evaluation, the Board of Directors will not only take into consideration the individual differentiation between the members of the Leadership Squad in terms of performance and talent but will also ensure that the total amount allocated for individual performance is in line with the results at Group level, in order to consolidate the interdependence between the individual contribution and the company's performance.

#### *Short-term variable remuneration allocation*

As mentioned above, the amount effectively paid to the CEO and to the other members of the Leadership Squad varies according to the Group results (for 60%) and to the evaluation of the individual performances (for 40%) by the Board of Directors.

In case of objectives realization at 100%, the CEO or the other members of the Leadership Squad gets 100% of his or her short-term variable remuneration target amount. In case of excellent performance at Group and individual level, the short-term variable remuneration can go above the 100% of the target amount, with a cap at 200%, according to a linear allocation curve. Conversely, this percentage can drop down to 0% in case of severe underperformance.

As also stated above, the Board of Directors will always ensure that the total amount allocated for individual performance is in line with the results at Group level, in order to consolidate the interdependence between the individual contribution and the company's performance.

One of the principles of our company's remuneration policy is the degree of freedom for the top management, the CEO and the other members of the Leadership Squad included, with regard to the choice of pay out means of their variable remuneration. They therefore get the opportunity to invest part of their short-term variable remuneration in a bonus pension plan, i.e. an additional supplementary pension plan, and to receive part of their short-term variable remuneration in cash bonuses, in non-recurring benefit, or in (non-Proximus) warrants or fund options, always within the limits of the relevant regulations.

### **3. Long-term variable remuneration**

#### *Purpose and components of the long-term variable remuneration*

Our company wants to encourage its Leadership Squad, as well as the other members of its top management, to generate sustainable and profitable performance and growth over the long term, in line

with our strategy at Group level, our societal ambitions and the expectations of our shareholders and all our other stakeholders.

To achieve this ambition, the remuneration policy of our Leadership Squad, CEO included, significantly links their variable remuneration to our Group's long-term financial and non-financial strategic objectives through a long-term variable remuneration.

### *Long-term variable remuneration allocation*

The members of the Leadership Squad, CEO included, receive a target long-term variable remuneration expressed in a percentage of the fixed remuneration. This target percentage is the same as the percentage of their target short-term variable remuneration, i.e. 40% of the annual fixed remuneration.

The long-term variable remuneration is allocated to the members of the Leadership Squad by the Board of Directors upon recommendations made by the Nomination & Remuneration Committee. The long-term incentives plan currently in place is a long-term Performance Value Plan, which has been adopted by our company in 2013 and **has been reviewed in 2019 and in 2022.**

The amount actually paid after vesting, i.e. after three years, will depend on a final multiplier as described below.

### *Long-term Performance Value Plan*

The long-term incentive plan offered by our company to its executives is currently set up as a Performance Value Plan. This plan has been designed to keep the long-term variable remuneration of the executives balanced and attractive, as well as compliant with the shareholders' expectations. It aims to ensure that the actions and initiatives taken by the executives are guided by long-term interests. Therefore, this remuneration clearly constitutes a long-term incentive.

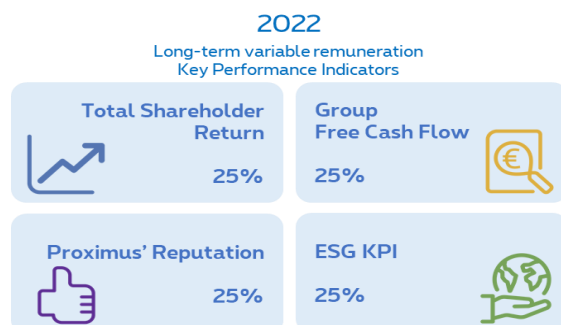
Our Performance Value Plan is based on a balance between the individual and the Group performances. **Just like the STI KPI's, the Key Performance Indicators used in the frame of the Long-term Performance Value Plan - the so called LTI KPI's - are also related to the strategic goals of our Group and enable us to assess the progresses of our Group towards our societal ambitions, strategy and sustainability on the long term.**

### **We keep the future in mind**

In order to reflect the high ESG (Environmental, Social and Governance) ambitions of our Group in our LTI KPI's as well, a fourth KPI, specifically related to ESG matters, has been added to the original ones since 2022. This way, encouraging ESG innovation, we want to increase the focus on our efforts to evolve towards a more sustainable society. This ESG KPI will be reviewed over the years in line with our ESG concerns and long-term commitment to contribute to the necessary changes.

Therefore, in 2022, 4 KPI's have been defined which enhance the sense of long-term and sustainable business vision among Proximus Group's senior management and support Proximus in delivering sustainable Free Cash Flow and improving our brand perception and reputation:

- 2 financial KPI's: The Total Shareholder Return of Proximus and the Group Free Cash Flow
- 2 non-financial KPI's: The Reputation index of Proximus and an ESG (Environmental, Social and Governance) KPI



Under this Performance Value Plan, the awards granted are blocked for a period of 3 years. Leadership Squad members, CEO included, who would put an end to their employment relationship with our company before the end of this blocking period would lose the awards granted. This rule also applies in case the company puts an end to an employment relationship for serious cause on the part of a member of the Leadership Squad.

After this blocking period of 3 years, the Performance Values vest and the Performance Values are then paid to the beneficiaries according to the final multiplier resulting from the yearly measurement of the performance criteria. This final multiplier consists in the average of the three yearly multipliers.

In case of final multiplier at 100%, the executives get 100% of the long-term variable remuneration originally granted to them. In case of sustained excellent Group performance over this 3-year period, the final multiplier for the long-term variable remuneration can go above the 100%, with a cap at 175%. Conversely, this percentage can drop down to 0% in case of severe underperformance.

The payment of the Performance Values is made through a cash bonus.

#### 4. Group insurance premiums

##### *Complementary pension*

The CEO participates in a complementary pension scheme entirely financed by Proximus which foresees an annual defined contribution calculated as a percentage of the fixed remuneration. This percentage amounts to 10%.

The other members of the Leadership Squad participate in a complementary pension scheme entirely financed by Proximus which consists of a "Defined Benefit Plan" offering pension rights which are in line with market practices. This scheme therefore corresponds to a promise made by the company of a certain amount at retirement age based on the plan rules, an amount that does not depend on an investment return.

##### *Other group insurances*

The CEO and the other members of the Leadership Squad also benefit from other group insurances in line with market practices, such as life and invalidity insurances.

As for the life insurance, the beneficiaries of the CEO or of another member of the Leadership Squad will receive, in the event of death during the term of his or her contract, a gross capital lump equal to the monthly salary multiplied by 60.

In the event of work incapacity due to illness or private accident, the professional income of the CEO or another member of the Leadership Squad is 100% guaranteed for the first three months of the incapacity. As from the fourth month, the disability insurance covers the payment of a disability annuity by the insurance company on top of the ceiling of the legal sickness-disability insurance provided by the Belgian social security.

##### *Average premiums cost for the company*

The average premiums paid by our company for the group insurances of the CEO is estimated to 15% of his fixed remuneration.

As for the other members of the Leadership Squad, the average premiums paid by our company for their group insurances over the last 5 years amounted to about 25% of their fixed remuneration. In 2020 these premiums amounted to about 21% of their fixed remuneration.

## 5. Other benefits

Our Group wants to stimulate its executives by offering a portfolio of benefits and advantages that are competitive in the marketplace and consistent with the Group's culture. The CEO and the other members of the Leadership Squad receive benefits on top of their remuneration, including medical insurance, the use of a company car, welfare benefits and other benefits in kind. Comparative assessments are regularly made on these benefits which are adapted according to the common market practices.

Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages. The ratio versus the fix remuneration can therefore significantly evolve from a year to another. This ratio can be estimated to 11% for the CEO. As for the other members of the Leadership Squad, the average cost for our company for these other benefits over the last 5 years amounted to about 5 to 7% of their fixed remuneration.

## 6. One-off and exceptional bonuses

The Board of Directors may, in exceptional circumstances and upon recommendations made by the Nomination & Remuneration Committee, grant one-off bonuses to one or more members of the Leadership Squad.

This may be necessary, for example, in the case of additional responsibilities exceptionally assumed by a member of the Leadership Squad when an Leadership Squad position is vacant, or in the event that a sign-on or a special retention bonus would be necessary due to market circumstances.

## C. Recovery of undue variable remuneration

A claw back stipulation is part of the contract of the CEO enabling our company to recover the paid short-term and long-term variable remuneration or to withhold the payment of this variable remuneration in the case of established fraud.

As for the other members of the Leadership Squad, the employment contracts of those members appointed as from January 1, 2020 include a specific claw back stipulation regarding the recovery in favour of our company of the short-term and long-term variable remuneration that would have been attributed to them on the basis of erroneous financial information. The employment contracts of those members appointed prior to January 1, 2020, however, do not include such a stipulation.

These stipulations do not mention the way undue variable remuneration would be recovered. If the case were to arise, which seems unlikely in view of the multiple controls and audits carried out before publication of the results, the recovery would be analysed, both in terms of the amounts to be recovered and the way to do it.

## D. Main provisions of the contractual relationships

Proximus' contractual relations with the CEO and the other members of the Leadership Squad are in line with current market practice.

### *Contractual arrangement with the CEO*

The CEO has a contract as self-employed executive with a fixed six-year term.

The CEO is bound by a non-competition clause, prohibiting him during 12 months after leaving the Group from working for any company of the telecommunication industry that is active in Belgium, in Luxemburg or in The Netherlands. If activated by our company, the CEO would receive an amount equal to one year's fixed remuneration as compensation.

The CEO is also bound by exclusivity and confidentiality obligations and is liable for respecting the company codes and policies, like the Code of Conduct and the Dealing Code.

If the CEO mandate is revoked by our company before the end of the six-year term, except if the mandate is ended for reason of material breach, our company will pay the CEO a contractual termination indemnity equal to one year's fixed salary and target short-term variable remuneration.

#### *Main contractual terms of the other Leadership Squad members*

Our company and the other members of the Leadership Squad are bound by employment agreements for an indefinite period that comply with Belgian corporate governance legislation and are all subject to Belgian jurisdiction.

All members of the Leadership Squad other than the CEO are bound by a non-competition clause prohibiting them during 12 months after leaving the Group from working for any other mobile or fixed licensed operator active on the Belgian market. If activated by our company, he/she would receive an amount equal to six months' fixed remuneration as compensation.

Just like the CEO, the other members of the Leadership Squad are also bound by exclusivity and confidentiality obligations and are liable for respecting the company codes and policies, like the Code of Conduct and the Dealing Code.

They have a contractual termination clause which foresees an indemnity of one year's remuneration. Nevertheless, we will apply the Belgian mandatory employment law if it provides for a longer notice period (or a corresponding higher termination indemnity).

## **V. Application of the Remuneration Policy and derogations**

Proximus undertakes to remunerate the members of the Board of Directors, the CEO and the other members of the Leadership Squad only in accordance with the Remuneration Policy as described above, provided its approval by the General Meeting of Shareholders of Proximus on 21 April 2021.

However, the Board of Directors may, in exceptional circumstances and upon proposal of the Nomination & Remuneration Committee, temporarily derogate from all elements of the Remuneration Policy. Exceptional circumstances shall only cover situations in which the derogation from the Remuneration Policy is necessary to serve the long-term interests and sustainability of Proximus as a whole.

When resolving on derogations from the Remuneration Policy, the Board of Directors must comply with the decision-making procedure set out above.

Any derogation will be communicated at the first General Meeting of Shareholders following the derogation and will be explained in the Remuneration Report for the related year.

## **VI. Significant changes to the existing practices**

The Remuneration Policy described in this document aims at bringing the current remuneration policy, as explained in the Remuneration Report approved by the annual General Meeting of Shareholders of 15 April 2020, in line with the new requirements of Article 7:89/1 of the Belgian Code of Companies and Associations.

*Current Policy includes a few changes in the general Remuneration Policy for the Leadership Squad, which will be submitted to the vote of the General Meeting of Shareholders on April 19, 2023. Main changes are related to (I) a change of terminology, from Executive Committee to Leadership Team, (II) the update of the LTI KPIs now including an ESG KPI and (III) the granting of the Board fees by TeleSign US.*

Proposed to the General Meeting of Shareholders of Proximus on April 19, 2023.