

# Management Report Proximus PLC under Belgian Public Law

# 2021

proximus

# Report by the Board of Directors to the annual general meeting of shareholders on 20 April 2022 on the annual accounts of Proximus PLC under public law as at 31 December 2021

Dear Shareholders,

We are pleased to report on the operations of the 2021 financial year and to submit for your approval, the annual accounts per 31 December 2021.

## The development and the results of Proximus in 2021

### Comments on the annual accounts

#### Balance sheet

Even though Proximus invested for € 464 million in IT assets and broadcasting rights, intangible assets decreased by € 248 million to € 1,831 million mainly as a consequence of the amortization of the goodwill from the 2010 merger by absorption, and normal amortizations.

Tangible fixed assets increased by € 215 million (NBV) to € 2,889 million (NBV), mainly driven by the strong ramp-up of fiber deployment, the start of the Mobile network upgrade and consolidation, and the increase of investments in IT Transformation, supporting the Proximus growth and efficiency ambitions.

Depreciations were impacted by the reversal of accelerated depreciation of some network equipment.

The participating interests in affiliated enterprises and other enterprises increased with € 453 million to € 1,743 million. On the one hand, Proximus SA acquired shares of BICS from its minority shareholders, acquired the shares of Mobile Vikings and has new participations in Fiberklaar and Unifiber. On the other hand, Proximus SA derecognized an impairment on one of its participations.

The amounts receivable after one year decreased with € 89 million due to the transfer of an intercompany loan to amounts receivable within one year.

The stocks and contracts in progress increased with € 24 million to € 117 million. The amounts receivable within one year increased with € 224 million to € 703 million, mainly due to the transfer of an intercompany loan from amounts receivable after one year, and a receivable for the transfer of assets to HCL Technologies, Proximus partner for the operation and maintenance of Proximus' private cloud infrastructure. In the context of this agreement the cloud infrastructure was sold in Q4 2021 to HCL and leased back to Proximus while remaining in Proximus' data centers.

The investments decreased with € 95 million to € 263 million mainly as a consequence of the revaluation of treasury shares offset by a decrease of amounts invested in term accounts.

The cash increased with € 41million to € 155 million.

The equity decreased by € 35 million to € 1,623 million mainly due to the Net Income being lower than the distributed profit.

The provisions for liabilities decreased by € 64 million to € 609 million mainly due to benefit payments until their pension age to employees who became inactive as a result of the Fit For Purpose transformation plan launched end 2019.

The amounts payable after one year increased with € 292 million to € 2,879 million as a consequence of the transfer to amounts payable within 1 year of a loan of € 500 million that has been reimbursed anticipatively in December 2021 offset by a new 15-year Green Bond (under EMTN program) of € 750 million starting 17 November 2021 with an annual fixed coupon of 0.75%.

The amounts payable within one year increased with € 333 million to € 2.562 million due to higher trade debts, following the high investment level at year-end not yet fully paid.

Per 31 December 2021, the current liabilities exceeded the current assets. However, Proximus benefits from different sources of financing, such as the use of readily available excess cash within the Group, the issuance of short-term notes under its commercial paper program, the use of existing credit facilities and/or the use of its existing Euro Medium Term Notes program.

## Income Statement

Compared to 2020, the operating income of the year 2021 increased from € 4,195 million to € 4,252 million mainly due to increased fixed assets own construction, and non-recurring operating income. The turnover decreased with € 30 million.

The operating charges increased with € 60 million to € 3,971 million mainly as a consequence of the increase of the raw materials and services and other goods.

As a result, the operating profit for 2021 amounted to a profit of €281 million compared to a profit of € 284 million in 2020.

The financial income decreased with € 224 million down to € 275 million mainly as the result of a lower dividends received in 2021 and the gain realized on the contribution of BICS shares into a 100% subsidiary in 2020, partly compensated by the derecognition of impairment in one of its participations.

The financial charges decreased with € 197 million to € 62 million due to the revaluation of treasury shares which led to a gain of € 14 million in 2021 compared to a loss of € 138 million in 2020 and the lower impairments on participations (€ 0.2 million in 2021 versus € 55 million in 2020).

The 2021 earnings before income taxes amounted to € 494 million (vs. € 524 million in 2020).

Corporate income taxes decreased by € 10 million up to € 117 million as a result of a lower tax-based result.

As a consequence, the profit of the year before appropriation amounted to € 378 million in 2021 compared to € 398 million for 2020.

## Appropriation of results

We propose the following appropriation (in €):

2021			
Profit of the financial year to be appropriated	+	377.994.626	EUR
Accumulated profit	+	301.143.039	EUR
Profit to be appropriated	=	679.137.665	EUR
Transfers from capital and reserves	+	863.872	EUR
Transfers to capital and reserves	-	14.214.160	EUR
Profit to be distributed (dividends)	-	387.522.929	EUR
Other beneficiaries (personnel)	-	24.715.225	EUR
Profit to be carried forward	=	253.549.223	EUR

On December 10<sup>th</sup>, 2021 an interim dividend of € 161.4 million has been paid.

## Right and commitments not included in the balance sheet

Proximus has the right to issue Commercial Paper for a total of € 1,000 million, of which € 100 million was issued end 2021, and the right to issue Euro Medium Term Notes for a total of € 3,500 million, of which € 2,750 million was issued end 2021. On 26 October 2020, Proximus signed a new Sustainable Revolving Credit Facility of EUR 700 million for a period of three years with the option to extend twice by further one-year periods. Per 31 December 2021, there was no outstanding balance under this Facility.

# Risk Management Report

## Most important risks and uncertainties

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value and enhance customer satisfaction by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation by allowing to take risks in a controlled manner.

Proximus has implemented a risk management methodology that follows ISO 31000 – Risk Management Guidelines and integrates adapted processes, techniques, and tools to identify, assess and manage in due time, risks and opportunities in various domains.

Financial risk management objectives and policies are reported in Note 32 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 34 of these statements.

The enterprise, financial and ESG (including climate) reporting risks are detailed below, together with the related mitigating factors and control measures. However, this is not an exhaustive analysis of all potential risks that Proximus might be facing.

## Enterprise-wide risks

Proximus' Enterprise Risk Management (ERM) is a structured and consistent framework for assessing, responding to and reporting on risks that could affect the achievement of Proximus' strategic development objectives. The Group's ERM covers the spectrum of business risks ('potential adverse events') and uncertainties that Proximus could encounter. It seeks to maximize value for shareholders by aligning risk management with the corporate strategy.

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- Monetization of fiber investments
- Business model and servicing evolution
- Employee employability, new ways of working and engagement
- Competitive market dynamics
- Customer experience
- Impact of COVID-19 pandemic and resulting economic crisis

## Monetization of fiber investments

During the past years, Proximus has launched the deployment of an open, non-discriminatory and performant fiber network for residential and professional customers. This is of major importance for Proximus and while we are confident that this strategy provides the right answer to the increasing need for reliable, fast and low-latency connectivity in Belgium (especially with the rise of homeworking), it can't be excluded that part of our initiatives do not achieve the expected benefits or lead to lower revenues or profitability than anticipated.

Seen that copper technology has typically lower speed than cable, the larger the Fiber footprint, the better the business perspectives for Proximus. Therefore, Proximus will strive to deploy Fiber in 70% of Belgium and even beyond as far as it still makes economic sense, in order to:

- Support current and future customer needs (connected homes, next generation videos, gaming, ...) and enable ARPU uplift
- Retain current market-share across residential and enterprise customers
- Target market-share win-backs, especially in Flanders
- Attract new Wholesale market opportunities
- Simplify our operating model and get cheaper cost to operate, by stop selling copper as soon as Fiber is available and ultimately phase out copper at the latest 5Y after Fiber Deployment.

This long-term Fiber strategy is the right decision, endorsed by the market and similarly applied in many other countries. However, it remains challenging to achieve the monetization results in the next few years.

At first, there is an operational risk related to a smooth migration of Proximus and OLO's customers to Fiber, while ensuring best-in-class customer experience to avoid migration churn. In that matter, during the COVID-19 lock-down period of spring 2020, the application of strength social constraints has largely complexified and delayed customer activations (e.g.: difficulty in accessing buildings for the installation of vertical cablings; no entry to customers' premises). At the same time, these heavy restrictions have also impacted Fiber sales channels by closing Proximus shops and by stopping local marketing activities. There is a risk that a potential intensification of COVID-19 contamination in the future may lead to the same "idle period".

Secondly, we have observed that the Belgian telecom sector regularly announces consolidations (e.g. acquisition Base by Telenet; the recent acquisition of VOO by Orange Belgium) and partnerships (e.g. ongoing discussion for a Netco Fluvius/Telenet), and even the possibility to welcome a 4th operator after 5G spectrum auction in 2022. A potential new entrant in the low-cost segment may put pressure on market pricing, leading the Operators to trade-off between market-share retention and pricing preservation. In this context, a monetization through price tiering would be more difficult and would require for a larger differentiation in the offers (e.g. by including multi Gigabit services).

A third monetization risk may be driven by the multiplication of FTTH roll-out initiatives. Today, Proximus is the only player rolling out FTTH at large scale in Belgium. Plans by competition and utility companies (e.g. Fluvius) to roll-out a competing FTTH network could reduce the profitability of Proximus investments, reduce wholesale prices in the market and impact prices that CBU and EBU can charge for their Fiber products.

In dense city areas, it is possible to overbuild and have 2 fiber networks. But when leaving the city centers, the construction costs will rapidly increase making two Fiber networks economically not profitable. Therefore, Proximus has joined forces with two experienced industrial and financial Partners (EQT Infrastructure and Eurofiber) to accelerate and expand the Fiber rollout in less dense areas and as such ensuring the first mover advantage. Meaning to be the quickest to deploy where the density remains sufficient high (and consequently benefit from lower unit costs) and being the first to provide Fiber technology on the market with the aim to win as much market-share as possible. Let's also re-iterate that Proximus fiber network will be fully open and non-discriminatory with the ability to co-use fiber assets with competition and maximize the network utilization.

## Business model and servicing evolution

Proximus operates in a fast-changing industry. In order to be future-proof Proximus needs to constantly adapt to new technologies, deploy improved servicing approach and launch new products. We are confident that our strategy is focusing on the right answers to handle these evolutions. However, it cannot be excluded that some of our initiatives do not achieve the expected outcome in terms of revenues or profitability. This could have a negative impact on our overall financial performance.

Proximus' business model has been and continues to be impacted by (disruptive) technologies, such as SD-WAN, 5G and over-the-top (OTT) services. Our response as a group to these new technologies and market developments and its ability to introduce new competitive products or services, which are meaningful to its customers, will be essential to our performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to servicing its customers. For example, for ultra-broadband, fiber-based connectivity Proximus adopts a local marketing approach, in which the sales forces, technical staff and local partners join forces for its fiber deployment project. Proximus also continues to develop the capacity to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud and managed security solutions. For example, we embarked on a massive proactive migration of our enterprise customers to next-gen connectivity solutions.

On the residential front, we also increase our relevance by developing and expanding new local ecosystems, such as our partnerships with press conglomerates to develop our ePress offering, or our partnership with Belfius leading to development of Banx and Beats offering. These collaborations allow us to develop relevant local solutions for and together with our customers, in order to provide competitive products and services to the Belgian market.

Even if Proximus is successful in launching these new technologies and mitigating initiatives are effective, the risk remains significant, as those new technologies could generate lower revenues and/or lower profitability than existing / past products and services, and consequentially negatively impact Proximus' top and bottom line. The risk can therefore not be fully mitigated.

## Competitive market dynamics

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, with Proximus being the incumbent. Proximus operates in growing markets (e.g. enterprise campus networks, security, smart mobility and Application Programming Interface (API) platforms), maturing markets (e.g. smartphones), saturated markets (e.g. fixed Internet, postpaid mobile and fixed voice) and even declining markets (e.g. prepaid mobile and enterprise voice).

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) which might impact market value going forward. The recent sale of VOO to Orange creates a new leader in the consumer market in Wallonia, creating commercial convergence and network synergies. Commercial pressure in Wallonia will likely continue due to the higher market shares of both Proximus and Orange Group. The sale also means that the scenario of a potentially aggressive PE fund entering the market is off the table. Meanwhile the B2B market consolidation continues and competition is intensifying, e.g. in December 2020 Cegeka joined forces with Citymesh to cover the connectivity layer, with Citymesh acquiring Engie's IoT network in 2021. A number of new MVNOs have been entering the market in 2021, such as Youfone and OneBillGlobal.

In the coming years, the market structure could further evolve with the possible entry of a new mobile operator, in addition to the three existing operators and supported by favorable conditions that could be set in the upcoming spectrum auction.

Sector federation Agoria estimated, in a study published in 2018, that the possible arrival of a 4th mobile entrant could impact the total mobile market in Belgium with a reduction of 6,000-8,000 jobs and a reduced sector contribution to the state of EUR 200 million – EUR 350 million. The timing of that depends on the execution of the spectrum auction, which is now planned for June 2022. New entrants could potentially push prices down and put pressure on Proximus' pricing model.

The upcoming spectrum allocation procedures, or auctions, also create significant uncertainty in the market. Specifically, the regulator BIPT/IBPT has proceeded with a temporary allocation of 3.6 GHz spectrum, to be used for new 5G services. This procedure saw Cegeka obtain a license for 5G services (prior to its acquisition of CityMesh), further outlining its ambitions in the B2B space. These rights will be valid until the auction of this spectrum. As part of the spectrum auction planned for June 2022, other parties with similar interests to Cegeka/CityMesh, with a focus on the B2B market, and especially "Mobile Private Network" type of solutions, could also try to obtain spectrum rights. In all cases, the acquisition of spectrum usage rights for telecom services by new operators could put pressure on Proximus' pricing of current and new products and services.

On the residential side, substitution of fixed line services by OTT services (e.g. by apps and social media such as Skype, Facebook, WhatsApp, etc.) and TV content (e.g. Netflix, Amazon Prime Video, Disney+) could put further pressure on revenues and margins as these OTT services continue to gain ground.

As a result of its long-term strategy and continued network investments (e.g. Fiber, 5G, VDSL/Vectoring, and 4G/4G+), Proximus has been consistently improving its multi-play value propositions by, among other things, putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (e.g. Champions League, Disney+, Netflix, etc.). This, in addition to developing an omnichannel strategy and improving digital customer interfaces (e.g. launch of the new Pickx+ channel and roll-out of new TV decoder v7 based on AndroidTV). In order to best meet the needs of its customers, Proximus launched a new convergent portfolio in the Summer of 2020 targeted at families, Flex, which aims to provide the right solution in a flexible "build your own pack" approach. Through this successful launch, Proximus has continued to build up an advantageous and solid competitive position providing the company with other levers than just price, reducing the risk to churn and price disruption exposure. Nevertheless, Proximus constantly has to adjust to this moving market. Failure to come up with competitive offers can result in the loss of customers.

The price-sensitive segment, which has continued to rise in 2021 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via Proximus' subsidiaries Scarlet and Mobile Vikings, offering attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which may further impact revenue and margins.

Since the drivers of these risks are mainly beyond Proximus' control, mitigating measures are mainly targeted at limiting the impact.

While we are confident about our ability to compete against a possible increase of competition, the risk remains high overall for Proximus, with a potential impact on both Proximus' top line and bottom line.



## Customer Experience

In the digital and disrupting era of today, being able to offer superior customer experience is a key challenge and a core strategic mission. The evolution of our customers' expectations with this regard is extremely fast; new benchmarks are emerging every day and the increasing use of digital technology is accelerating the process.

In that matter, understanding clearly what our customers' expectations are is a competitive asset to build strong foundations. This allows us to effectively meet their needs and eventually go beyond, using strong analytics to proactively predict next best action or offer.

This superior experience we target to offer to our customers includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network and easy-to-use products and services. In this digitalizing and fast-moving environment, we're making efforts at Proximus, to offer our customers the right balance between digital effortless interactions and human empathy.

Key transformational initiatives such as Customer experience teams, e2e journeys redesign, Voice of the Customer and CX analytics were further enhanced to address root causes of pain points and to take charge of transformation projects participating in Proximus' brand promise: "Think possible".

Despite these efforts, providing a superior customer experience remains a key challenge due to the fast-evolving market and competition. Furthermore, the influence of GAFAM and OTT actors on customer expectations is challenging Proximus' ability to proactively adapt and develop new digital products and services. These being considered as competitive edges through user-friendly digital user interfaces and end-to-end customer journeys. Side by side with the ever-present risk of a bold move from the competition, Proximus might miss new revenue streams and, in a worst case lose its premium positioning.

## Employee employability, new ways of working and engagement

Failure to recruit, sustainably employ and engage a talented workforce could impact the Group's ability to successfully deliver services and products to its customers.

In today's digital and disrupting era, knowledge workers are a competitive asset if they have the right skills and mindset, and remain sustainably employable and engaged. The workplace is also changing faster than ever, in terms of job content, work environment, compositions of teams and new ways of working especially. Proximus could face a shortage of skilled resources in specific domains, such as cybersecurity, digital frontends, data science and agile IT or could face a shortage of resources that are motivated to adopt the changes in their workplace and new ways of working in their daily habits. This shortage could hamper the realization of its ambition to become a truly customer-centric organization and delay some of its objectives in innovation and digital transformation. To make this happen, we need the contribution and engagement of all our employees.

This is why Proximus is focusing so hard on training programs, internal mobility, the hiring of young graduates from relevant fields and employer branding. We give our employees the opportunity to continuously upskill and develop, particularly in the digital field. Because we want to have the right skills in-house to shape the digital economy and society of the future, and to guarantee the employability of our employees. We set up a tailored approach with programs and campaigns for all employees to create awareness and understanding of the impact of digital transformation, and to raise digital savviness. We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. In 2021, employees participated on average 41.3 hours of training, representing an investment of €32.34 million for Proximus.

This is also why we foster a culture of empowerment where autonomous and effective collaboration and sharing information is a natural behavior. Enabling this new way of working requires the right digital tools.

We therefore offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. In 2021 we continued to roll out the Microsoft O365 applications, such as MS Teams for more efficient and interactive digital meetings. To get employees on board in these continuous digital workplace changes, we provide training in hard skills and we ensure that our team leaders have strong change-management skills.

Continued initiatives on building resilience also enabled employees to better cope with the changes and initiatives to stay connected to one another promoted team cohesion to show recognition to team members. New ways of working, such as Agile and Design Thinking, leverage employee autonomy and a more accountable way of working. This allows us to create added value for our customers more quickly. We also support a more agile culture by encouraging internal mobility, as we want to ensure that all employees keep on learning and doing a job they like. In 2021, 782 employees changed jobs internally.

The remaining risks rely on Proximus' ability to effectively upskill its workforce in line with future needs, to keep our employees engaged and motivated to learn and be at their best at work. They also rely on Proximus' ability to attract the required talents which could result in impairing its ability to deliver its promise to customers in terms of products, as well as services required to stay relevant versus competition. If the efforts to increase organization flexibility and agility are not successful, it could lead to a reduction of Proximus' competitiveness.

## Impact of Covid-19 pandemic and resulting economic crisis

The COVID-19 pandemic still has a significant impact on the world economy in 2021 despite global vaccination campaigns. While the impact of the COVID-19 pandemic is less for Proximus in 2021 versus 2020, it remains sizeable with an impact on roaming revenues due to reduction in especially non-EU travel, limited supply chain disruptions and an impact on the ways of working of our employees. On top of these direct impacts, there is an indirect impact via our customers' financial stability, which if impacted by COVID-19 could lead to potential delayed payments or, in the worst case, a default.

A delayed return to normality might impact a share of Proximus' customer base, especially in the SE and Enterprise segments. An increase in bankruptcies, decrease in revenues for a number of them, and continuing uncertainty regarding the "back-to-normal" timelines could impact the willingness of our customers to invest, and may therefore impact our revenues, though we, at this stage, do not expect any substantial impact on our 2022 revenues.

Finally, it is widely reported that the situation impacts the overall morale of employees. So, it cannot be excluded that this leads to higher absenteeism or a decrease in motivation among our employees. Proximus has deployed a number of measures to provide support for isolated employees, and to ensure that teams remain connected. We are also starting a phased, safe return to the office depending on the evolution of the situation.

# Environmental risk and climate change

Climate change is high on the agenda due to growing awareness on global warming. The Group Corporate Affairs, responsible for legal, regulatory, public affairs, internal audit and risk management, compliance, group communications, reputation and sustainability and security governance & investigations, closely follows the evolution of regional, national, EU and worldwide climate related guidelines, directives, standards and laws. Proximus has a clear strategy to reduce CO2 emissions and has integrated its ambition in the #inspire2022 strategy (see Chapter 2: #inspire2022).

Group Internal Services (responsible for buildings) and Risk Management, together with the Network Engineering and Operations department, regularly assess how extreme climate events could impact Proximus' operations.

Proximus has a corporate risk management department, analysing risks in several domains. The same process is used for direct operation, downstream and upstream risks. This department has developed a risk management framework based on the ISO31000 standard.

In the context of climate change risks, the standard Proximus risk management method is being applied involving relevant stakeholders from the Technical, Tax, Legal, Regulatory and Facilities domains.

In short the process is similar to the general risk management process and goes as follow.

- Phase one is a set of workshops and independent work, leading to a prioritization of risks. This process is documented in the risk register.
- In the second phase the sources of each risk (likelihood) and the potential consequences (impact) are analyzed and documented. The consequences with direct financial, reputational, or strategic impact are mapped to a scale on the basis of the Business Impact Reference Table. This is a matrix designed to evaluate the impact of an event on the company. It defines categories in monetary value and "translates" operational and reputational value to monetary value. All risks are quantified and receive a qualitative rating, documented in the risk register.
- Finally, all prioritized risks are assigned to an owner (responsible for implementation, control and regular review). Business continuity plans have been developed. This information is submitted annually to the Audit and Compliance Committee.

In this way, the risk management directly informs financial planning. Some examples: we take into account the increasing energy costs and the potential increase they will have if a carbon tax is introduced. Also, we have removed/replaced and are removing/replacing technical buildings to newer, more compact and energy-efficient equipment and we are starting up partnerships in smart mobility and smart buildings.

In 2022, the Group will start integrating climate risk structurally into the ERM processes, and will conduct a separate climate risk process in the years when the ERM is not taking place.

The time horizons used in the risk assessment are defined as follows: short-term (0-3 years), medium term (3-10 years) and long-term (10-25years). The magnitude of impact scales from "low" (less than 100.000 €) to "very high" for impacts that exceed 12.5 M€.

An overview of the climate change risks that could have a material financial impact:

Type	Climate-related risk	(potential) financial impacts	Time horizon	Magnitude of impact
Transition risks	<b>Policy/legal</b> - carbon pricing - more reporting obligations	Price increases due to possible taxes on sectors on which we depend plus augmented resource and auditing costs for compliancy with emerging legislation .	Short-term	Medium
	<b>Technology</b> - changing to lower-emissions options	Cost related to early transition to clean energy.	Short-term Medium-term & long-term	Medium
	<b>Market</b> - increased cost of raw materials	Increase in energy prices, increased production costs due to high demand for electronic commodities.	Short-term	Medium
	<b>Reputation</b> - increased stakeholder concern	Augmenting costs and resources with regards to communications and reporting, such as life cycle assessment costs.	Short-term	Medium
Physical risks	<b>Acute</b> - more extreme weather events	Increased capital costs, early write-off of assets potentially impacted by heat waves/flooding, reduced revenue and higher costs from negative impacts. In 2021: flooding in Wallonia.	Short-term	Medium - high
	<b>Chronic</b> - rising temperatures - changing weather patterns - rising sea level	More frequent occurrence of acute risks to be expected – see costs mentioned in acute risks.	Medium – term & long-term	Medium-high

An overview of the climate change opportunities that could have a material financial impact:

<b>Resource efficiency</b>	Investments into energy efficiencies throughout all networks and reduced operating costs.	Short-term	Medium-low
<b>Eco smart products &amp; services</b>	Solutions to decarbonize other sectors create existing and new business opportunities.	Short-term	low
<b>Energy sources</b>	Our renewable energy plans will enable us to reduce carbon emissions and the energy costs of our network. We are already at 100% renewable electricity, but will source more local and move away from all fossil fuel.	Medium-term	medium
<b>Market</b>	Shift in consumer preferences.	Short-term	low
<b>Resilience</b>	Climate change predictions provide input for strategy and business decisions. For example, early phase-out of infrastructure from potential flood areas.	Short-term	low

Proximus' approach regarding the identified risks:

**Policy/legal risks:**

We track regulatory development to be able to comply with existing laws, such as the relevant aspects of the EU green deal. We assess the impact of these emerging regulations, across operations, supply chains and jurisdictions. In 2021, we made progress towards assessing EU taxonomy alignment and started implementing the recommendations of the Task Force on Climate-Related Financial Disclosures. This information can be found respectively at page 169 and 171.

**Technology risks:**

We regularly assess the maturity and readiness of technology, such as hydrogen. We perform cost-benefit analyses associated with key technologies.

**Market risks:**

We analyze trends in supply and demand for products and services and adapt our offers accordingly. We scan the market for products and services that could help Proximus in reaching its climate targets. In this regard, we evaluate future acquisitions. We also engage with suppliers and customers.

### Reputation risks:

We regularly monitor the evolution of our reputation among the Belgian population, in particular by using the RepTrak program. We provide many products and services that can help companies and public authorities reduce their environmental footprint. Striking examples are our cloud services and Internet of Things solutions such as Smart energy, Smart buildings or Smart mobility. In order to preserve our reputation, all such claims must be supported by credible and verified calculation procedures.

### Acute & chronic physical risks + actual case flooding in July 2021:

We use expert input from scientists, such as the OFDA/CRED International Disaster Database (<http://www.emdat.be>) and Université Catholique de Louvain. We'll start using climate related scenario analysis as of 2022.

Actual case:

Flooding in July caused major damage to our network: backbone cable destroyed, KVD /ROP destroyed, streets and buildings unstable, damage at customers in-home, local cables damaged. Although this is the first crisis of this magnitude, national and local teams managed it admirably, restoring our infrastructure in record time and providing mobile alternative to our customers. Our processes will be reviewed based on the lessons learned.

## Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of Proximus' businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation risks. Depending on the nature of the risk involved and the particular business or function affected, Proximus uses a wide variety of risk mitigation strategies, including adverse scenario stress tests, back-up/business-continuity plans, business process reviews, and insurance. Proximus' operational risk measurement and management relies on the Advanced Measurement Approach (AMA) methodology. A dedicated "as-if" adverse scenario risk register has been developed to make the stress tests relevant.

Proximus is covered by extended general and professional liability, property damage and business interruption insurance, as well as by a dedicated cyber security insurance program. Nevertheless, these insurance programs may not provide indemnification should the traditional insurance exclusions (non-accidental event) apply.

The most prominent examples of operational risk factors are explained below:

- Resilience and business continuity
- Security (confidentiality, integrity, availability)
- Data protection and privacy
- Sourcing and supply chain reliability
- Legacy network infrastructure

## Resilience and business continuity

Business interruptions due to internal or external threats could seriously impact our customers, our internal operations, our revenues or our brand reputation.

The development of business continuity plans is a way to manage risks to ensure appropriate response and solutions are in place in the event of major incidents. Building and ensuring the resilience of our network, platforms and IT systems remains a top priority to minimise the customer impact in case of incidents.

Proximus closely follows the international standards best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit and Compliance Committee.

## Security

Increased global cyber security vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of Proximus as well as its customers, partners, suppliers and third-party service providers in terms of products, systems and networks.

The confidentiality, availability and integrity of the data of Proximus and its customers are also at risk. We're taking the necessary actions and making investments to mitigate those risks by employing several measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans.

Besides that, Proximus invests in threat intelligence and security incident response. Moreover, Proximus operates several Malware Information Sharing Platforms (MISP) that enable the collection and sharing of structured information on cybersecurity threats on a national level with the CERT.be and on an international level with other European telecom operators and the GSMA (an association of 750 operators worldwide).

All the information collected on threat intelligence is centralized in an Intelligence Broker developed by Proximus, which allows Indicators of Compromise (IoC's) to be fed directly into Proximus' preventive and detective security controls. In addition to structured threat intelligence, Proximus actively participates in various cross-industry and international expert groups to stay updated on the latest threats. Collaboration is established in the expert groups of GSMA, Europol, Interpol, Belgian Cyber Security Coalition, ETIS, NATO NCIA, CCB, FIRST and Trusted Introducer.

## Data protection and privacy

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organizations to use personal data for business purposes. Keeping personal data confidential and secure remains a top priority for Proximus.

In 2021, Proximus continued improving its GDPR compliance. Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR - e.g. register of processing activities.

To ensure that privacy considerations are embedded within its business activities, Proximus has appointed Privacy Ambassadors within the different business units to provide support to the legal department and DPO office in screening privacy sensitive initiatives. In view of the privacy by design principle, Proximus has improved the structured privacy review process by clarifying each step of the process, establishing templates, defining roles and responsibilities, etc.

As part of rendering the management of data subject requests more efficiently, Proximus has implemented the use of semi-automated solutions. Our customers can continue to indicate their privacy preferences within the privacy settings of the MyProximus app and website.

## Sourcing & Supply chain

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain.

Supplier Risk & Relationship Management (SRRM) is defined as “the implementation of strategies to manage both everyday and exceptional risks along the supply chain, based on continuous risk assessment together with the partnering supplier reducing vulnerability and ensuring continuity”.

The following actions have been taken to keep the supply chain risk at an acceptable level:

- The relationship with key suppliers is assessed and documented by means of Supplier Relationship Management (SRM) meetings, which lay down the common strategies and ensure an optimal business continuity.
- Critical suppliers and their sub-suppliers are monitored through a third party-recognized tool, enabling us to quickly react to any kind of disturbance in the supply chain.
- CSR risk assessments and audits by EcoVadis and in the frame of the Joint Audit Corporation (JAC) and for national direct suppliers.
- Strict follow-up of critical suppliers’ contractual liability through a holistic Supplier Code of Conduct (SCoC) and rigid Service Level Agreement (SLA) clauses.
- Signing Circular Manifestos with key suppliers to ensure the alignment of our suppliers with our Science Based Target of 1.5°.

## Legacy Network Infrastructure

In 2004, Proximus was the first operator in Europe to launch an ambitious fiber-to-the-curb program, paving the way to subsequent national Fiber-to-the-Home network roll-out. And today, we are among the world’s top five operators for the proportion of fiber in its VDSL network, with tens of thousands of kilometers of optical fiber connecting its street cabinets and massively ramping up the amount of kilometers in the access part of the network.

With the rise in customers’ needs, we see for the coming year a continuous increase of data consumption on our networks and this at far higher speeds than in the past. This is why Proximus is pursuing an aggressive multi-gigabit strategy, with the ambition to leverage more and more fiber and 5G to deliver relevant services to our customers. In this context, the relevance of copper will gradually decrease.

The fast pace of fiber deployment and adoption allows us to consider decommissioning our copper in the future and, as such, be in a position to realize substantial savings in terms of power consumption and maintenance, and to avoid having to replace this aging technology.



# Internal Audit

In line with international best practices requirements, Proximus' internal audit function forms an integral part of the Internal Risk Management and Control System and provides assurance to the Audit and Compliance Committee concerning the "in-control status" of the Proximus Group segments/units/entities and processes. Internal Audit provides independent analyses, appraisals, recommendations, counsel, and information to both the Audit and Compliance Committee and Proximus Management. Therefore, the objectives of the Internal Audit, using COSO, The Institute of Internal Auditors standards and other professional frameworks, are to ensure:

- Effectiveness and adequacy of internal controls
- Operational effectiveness (doing it right) and/or efficiency (doing it well)
- Compliance with laws, regulations and policies
- The reliability and the accuracy of the information provided
- Internal Audit helps us to accomplish these objectives through our systematic, disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.

Internal Audit's activities are based on a continuous evaluation of perceived business risks, and it has full and unrestricted access to all activities, documents/records, properties and staff. The Director Audit, Risk and Compliance (Chief Auditor) has a reporting line to the Chairman of the Audit Committee.

Quarterly Audit activity reports are submitted and discussed with the Audit and Compliance Committee.

End 2020, Proximus Internal Audit department has been certified by IFACI/IIA. Internal Audit has successfully undertaken an IIA Standard 1312 external quality assessment.

## Risk Management & Compliance Committee

In 2021, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Executive Committee and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions have to be taken by finding a balance between risk taking and cost, in line with the Group's risk appetite.

Proximus has general response strategies for managing risks, which categorize them according to whether the company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable Proximus' risk and compliance guidelines.

The RMC's objectives are:

- To oversee the company's most critical enterprise and operational risks and how management is monitoring and mitigating those risks.
- To enhance pending/open internal audit action points which remain open for more than six months.

A disciplined approach to risk is key in a fast-moving technological and competitive environment, in order to ensure that Proximus only accepts risk for which it is adequately compensated (risk/return optimization).

As of 2022, sustainability topics including climate change risks will be a recurrent topic on the agenda of the Risk Management Committee.

# Financial reporting risks

In the area of financial reporting, besides the general enterprise risks impacting the financial reporting (e.g. staff), the main risks identified include new transactions and evolving accounting standards, changes in tax law and regulations, and the financial statement closing process.

## New transactions and evolving accounting standards

New transactions can have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment can result in financial statements which fail to provide a true and fair view anymore. Changes in legislation (e.g. pension age, customer protection) can also significantly impact the reported financials. New accounting standards can require the gathering of new information and the adaptation of complex (billing) systems. If not adequately foreseen, the timeliness and reliability of the financial reporting could be jeopardized.

It is the responsibility of the Corporate Accounting department to follow developments in the area of evolving standards (both local General Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)).

Changes are identified and the impact on Proximus' financial reporting is proactively analyzed.

For each new type of transaction (e.g. new product, new employee benefit, business combination), an in-depth analysis is conducted from the point of view of financial-reporting, risk-management, treasury, and tax. In addition, the development requirements for the financial systems are defined in a timely manner and compliance with internal and external standards is systematically analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori control. The Audit and Compliance Committee (A&CC) and the Executive Committee are informed on a regular basis about new and upcoming financial reporting standards and their potential impact on Proximus' financials.

## Changes in tax law and regulations

Changes in tax laws and regulations (corporate income tax, VAT, etc.) or in their application by the tax authorities can significantly impact the financial statements. To ensure compliance, it is often necessary to set up additional administrative processes within a short timeframe, to collect relevant information or run updates on existing IT systems (e.g. billing systems).

The tax department continuously monitors potential changes in tax law and regulations, as well as interpretations of existing tax laws by the tax authorities. Based on laws, doctrine, case law and political statements as well as available draft laws, etc., a financial and operational impact analysis is performed. The outcome of the analysis is reflected in the corresponding financial statements, in accordance with the applicable framework.

The complexity of the legal and regulatory environment in which we operate and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to our reputation, liability, fines and penalties, increased tax burden or cost of regulatory compliance and impacts of our financial statements.

## Financial statement closing process

The delivery of timely and reliable financial statements remains dependent on an adequate financial statement closing process.

Clear roles and responsibilities in the closing process of the financial statements have been defined. During the monthly, quarterly, half-yearly and annual financial statement closing processes, there is continuous monitoring of the various steps. In addition, different controls are performed to ensure quality and compliance with internal and external requirements and guidelines.

For Proximus and its major subsidiaries, a highly detailed closing calendar is drawn up, which includes a detailed overview of cross-divisional preparatory meetings, deadlines for ending specific processes, exact dates and hours when IT sub-systems are locked, validation meetings and reporting deliverables.

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, and detective controls, where the outcome of the processing is analyzed and confirmed. Special attention is paid to reasonableness tests, where financial information is analyzed against underlying operational drivers, and coherence tests, where financial information from different areas is brought together to confirm results or trends, etc. Tests on individual accounting entries are performed for material or non-recurrent transactions and on a sample basis for others. The combination of all these tests provides sufficient assurance on the reliability of the financials.

## Important events that have occurred after the end of the period

There are no events that occurred after 31 December 2021 that have not been reflected in the financial statements.

# Circumstances that can significantly influence the development of Proximus

Circumstances that can significantly influence the development of Proximus are listed in caption 'Risk Management Report'.

## Expertise of the Audit & Compliance Committee members'

Proximus has an Audit & Compliance Committee which consists of five non-executive directors, the majority of whom must be independent. In line with its charter, it is chaired by an independent director.

A majority of the members of the Audit & Compliance Committee has extensive expertise in accounting and audit. The Chairwoman of the Audit & Compliance Committee, Mrs. Catherine Vandendorre holds a degree in Business Economics as well as degrees in Tax and Financial Risk Management. The Chairwoman and the majority of the members exercised several board or executive mandates in large Belgian or international companies.

# Evolution in research and development activities

The world around us is changing faster than ever before. We are ready for this as research on new technologies and innovation is in the DNA of Proximus.

## Fiber as solution for customers' future needs

To prepare customers' future needs, we continuously invest in an innovative high speed fiber network using the newest state of the art fiber technologies. In the frame of our #inspire2022 strategy, we committed to connect 4.2 million homes and businesses to fiber by 2028. The ambition is also to expand our fiber roll-out with the goal of covering the entire Brussels-Capital Region by the end of 2026.

Proximus is the first operator to add 25G capabilities to its commercial network in Belgium. Together with Nokia, we have deployed the first live network based on Nokia's 25G Passive Optical Network (PON) technology. 25 Gigabit PON is the latest generation, boosting both download and upload speeds on fiber networks to unprecedented levels around 200 times faster than the most advanced broadband networks of ten years ago. This technological breakthrough shows the virtually unlimited capacity of fiber. In fact, the innovation makes our network the fastest in the world, earning Proximus the global award for Fiber Operator of the Year, an acknowledgement issued by the Broadband World Forum (BBWF). This confirms the potential of our fiber network to become a key driver of the digital economy and the society we stand for.

## Mobile Leadership

We have a strong track record in pioneering mobile communications, delivering the best possible mobile experience for our customers and we will continue to do so. In 2021, we started the consolidation of our Radio Access Network (RAN), which has already shown positive results in terms of coverage gain, throughput and customer experience. In parallel we continued our investments to improve the quality of our legacy mobile network by adopting advanced technical solutions to optimize network performance based on automation and autonomy.

Our 5G ambition is to be recognized as the go-to partner for 5G products and services by offering the broadest 5G coverage and highest performing network in Belgium. In order to further accelerate the development of 5G use cases, we launched a dedicated 5G innovation platform offering a better insight into the possibilities of 5G. It allows us to cocreate with our technological, wholesale partners and enterprise customers, both public and private, towards the development of relevant innovative solutions that answer today's societal and business needs. A variety of 5G use cases have been successfully developed and demonstrated in multiple domains, such as industrial applications, construction, entertainment, healthcare, agriculture.

The capabilities to innovate within the 5G domain have been expanded, 2 additional 5G innovation incubators have been launched, one in the industry 4.0 domain, the other one in the Logistics domain.

## Customer experience

To continuously improve the experience of all our customers, we launched multiple projects in 2021 to boost the VDSL performance of our customers directly connected to the central offices and who didn't enjoy yet the latest improvements of VDSL technologies. We also implemented machine learnings techniques to predict performance of VDSL lines and, as such, for instance, provide HD TV services to households who didn't have yet access to it.

## Data driven company to the benefit of our customers

The use of automation, advanced analytics and artificial intelligence enables us to offer highly qualified services. With strong personalization and authentication approach, we make our customer smile. We embed digital in everything we do and guide our customers through their journey to become digital, cloud enabled, data driven and end-to-end secure.

We have set up a partnership with Tourism Wallonia to stimulate tourism in Wallonia through better understanding and analysis of touristic sites (e.g. Villers-la-Ville and le Pays des Lacs). Here we use a unique combination of both data from on-site sensors (Internet of Things) and more macro data like our own network data, financials partner and open data.

The Proximus data centres are evolving to green data centres with high availability using the newest cloud technologies and the most advanced security concepts.

We use advanced analytic and AI too, based on real time performance measurements, assess the stability and quality of our platforms and services, allowing fast detection, root cause analysis and even prevention of degradation.

## Trusted curator of TV content

We are a trusted curator of TV content, presenting it through a multiscreen content navigator and delivering novel personalized recommendations. We excel in user experience on our Pickx TV platform by differentiating and keeping a close relationship with our customers. The Proximus decoders have been enriched with several new features.

Thanks to the collaboration with Apple TV, Proximus customers can use the Apple TV app to buy or rent movies, subscribe to Apple TV+ and Apple TV channels, as well as enjoy Apple Music, Apple Arcade and thousands of other apps, including games, fitness and education, all through one device. Thanks to the integration of the Proximus Pickx app, customers get access to the Pickx TV platform, offering a personalized content experience available on every screen.

# Analytics, the Internet of Things and other applications

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus does not limit its use of IoT to connectivity. With our data-driven solutions, we help our customers to innovate by connecting applications and devices, aggregating different data streams, providing insights into their data, or automating processes.

With our smart end-to-end ICT solutions, we do more than just tailor our offerings to different segments. We strongly believe technology can act as a force for good. That's why we continuously leverage our technology to address critical societal and environmental challenges, aiming to improve the lives of people everywhere while delivering true value.

Together with partners, we develop smart solutions in specific domains such as:

## Smart health

Proximus has strengthened its strategic focus on the healthcare market. Through connectivity, ICT and security solutions and services, Proximus aims to become a major partner in the digital transformation and innovation of the medical industry.

## Smart building and smart energy

Responding to the issue of climate change, Proximus offers IoT solutions and data analytics to help customers make smarter use of energy and reduce their carbon footprints. The energy transition, particularly the contribution of buildings to a more sustainable world, is at the heart of our initiatives. That is why we onboarded new partners (such as MeetDistrict, Mapwize and Be-Park) that enable us to offer our customers a large range of smart building solutions.

## E-education

To respond to the growing need for better connectivity in education, Proximus and Signpost, the Belgian market leader for ICT solutions in education, signed a strategic cooperation agreement in April 2021. End 2021, we already provided 44 schools with a fiber connection. Ten other schools signed a DSL contract.

## Smart cities

Cities such as Antwerp, Brussels, Genk, Ghent and the coastal cities were eager to call on our Realtime Crowd Management during the COVID-19 pandemic. This service monitors crowd flows based on anonymized and aggregated data from cell phones.

Proximus affiliate Be-Mobile specializes in smart solutions for sustainable mobility. Be-Mobile connects vehicles with road infrastructure. An example would be smart traffic lights that are tuned to real-time traffic volumes to enable better traffic flow. Be-Mobile also connects vehicles with other road users. These can be passenger cars, but also logistics transport or public transport.

## Open innovation

Proximus believes in open innovation where, together with partners, we combine our assets to create new ecosystems and products which achieve a higher value for all parties involved

In B2B, we partnered with Besix (smart buildings) and i.Leco (energy transition) to create Aug.e, a smart building application platform.

In the field of drones, in addition to the 6th network partnership between Proximus, SkeyDrone and DroneMatrix, we are developing a partnership with Helicus for the implementation of BVLOS medical drone flights. Recently, we have also begun to explore the area of image and video processing, analytics and edge computing.

Besides healthcare, Azure Cloud, edge computing, smart retail and smart energy are just a few examples of the wide range of topics and technical innovations we are collaborating on with our partners.

One example of B2C is our partnership with Belfius that has given birth to Banx, the digital app for sustainable banking.

Next to these corporate partnerships, Proximus collaborates intensively with universities and university colleges. This way we gain access to academic insights and innovative technologies. In return, academic institutions can use our data, infrastructure and resources to put their ideas into practice. We have ongoing collaboration projects at the ULB/VUB (Brussels), UCLouvain (Louvain-la-Neuve), KU Leuven (Leuven) and UGent (Ghent) in the domains of security, mobile and fixed networking, AI, IoT and digital inclusion.

Thanks to exclusive partnerships, we continuously extend and trigger our own research & development carried out in the various Proximus labs and mastered by our innovation teams.

## Sustainability

Digital innovations will shape the future of our economy and society. Besides increasing the digital possibilities of our customers, we also want to have an impact on societal and ecological challenges.

Sustainability is one of the 4 pillars of our business strategy. This has ensured that Proximus is internationally regarded as a 'best practice' company for its own sustainability efforts but also for the strict social, ethical and environmental standards that we impose to our suppliers. Proximus has received a gold medal from EcoVadis for its efforts and activities in the field of sustainable development/sustainability for the fifth time in a row and our current score even places us in the top 5% of companies evaluated by EcoVadis

Also, climate change is one of the most pressing issues of our time and a major concern of society. Our ambition is to be a leading company in the fight against climate change and we are committed to further reducing our impact on the environment and enabling our customers to reduce theirs through our products & services.

We have made it a priority to provide our customers with a green, reliable network that allows for the best connection quality while reducing its impact on the environment as much as possible by applying the principles of circular economy in the design of the network itself. Our network, like our buildings for that matter, operates exclusively with electricity from renewable sources. And this since we joined RE100, a global initiative bringing together the world's most influential businesses and driving the transition to 100% renewable energy.



In order to adapt to technological developments and to its users' needs, our network is constantly evolving. The accelerated optical fiber roll-out allows to recover copper cables for recycling or reuse for other purposes. Fiber is also beneficial for the environment as it is more energy efficient than copper and has a longer lifespan.

## Corporate Governance Statement

### Proximus governance model

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the center of ethical dilemma's and we put the right measures in place to ensure our business is conducted ethically. This first of all means having a clear governance model, which for us, as a limited liability company under public law, is imposed by 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 Belgian Code of Companies and Associations of 29 March 2019 (the "Belgian Code of Companies and Associations") and the Belgian Corporate Governance Code of 2020 ("2020 Corporate Governance Code").

The key features of Proximus' governance model are:

- 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 Executive Committee which assists the CEO in the exercise of his duties

Proximus designates the 2020 Corporate Governance Code as the applicable Code ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

We not only follow the law but want to ensure every one of our collaborators is aware of the behaviors to follow and avoid. Therefore, Proximus adopted a Code of Conduct, applicable to all employees. Proximus employees must follow a mandatory training on the application of the principles of the Code of Conduct. On top of this, we have various internal policies to make sure our employees conduct the business ethically.

# Deviations from the 2020 Belgian Corporate Governance Code

Proximus complies with the 2020 Corporate Governance Code except for two deviations.

Provision 7.6 stipulates that a non-executive board member should receive part of his/her remuneration in the form of shares in the company. Because of its specific shareholdership, having the Belgian State as majority shareholder, the company opts not to introduce share-related remuneration at this stage. For the same reason Proximus is not compliant with provision 7.9 that stipulates that the Board should set a minimum threshold of shares to be held by the executives.

## Most important characteristics of the internal control and risk-management systems

The Proximus Board of Directors is responsible for the assessment of the effectiveness of the systems for internal control and risk management.

Proximus has set up an internal control system based on the COSO model, i.e. the integrated internal control and enterprise risk management framework published by the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") for the first time in 1992 and updated in May 2013. This COSO methodology is based on five areas: the control environment, risk analysis, control activities, information & communication and monitoring.

Proximus' internal control system is characterized by an organization with a clear definition of responsibilities, next to sufficient resources and expertise, and also appropriate information systems, procedures and practices. Proximus cannot guarantee that this internal control will be sufficient in all circumstances as risks of misuse of assets or misstatements can never be totally eliminated. However, Proximus organizes a continuous review and follow-up of all the components of its internal controls and risk management systems to ensure they remain adequate.

Proximus considers the timely delivery to all its internal and external stakeholders of complete, reliable and relevant financial information in conformity with International Financial Reporting Standards (IFRS) and Belgian Generally Accepted Accounting Principles (BGAAP). Therefore, Proximus has organized its internal control and risk management systems over its financial reporting in order to ensure this objective is met.

# Control environment

## Organization of internal control

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC) (see caption 'Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee' Its role is to assist and advise the Board of Directors in its oversight on (i) the financial reporting process, (ii) the efficiency of the systems for internal control and risk management of Proximus, (iii) the Proximus' internal audit function and its efficiency, (iv) the quality, integrity and legal control of the Proximus statutory and the consolidated financial statements, including the follow up of questions and recommendations made by the auditors, (v) the relationship with the Group's auditors and the assessment and monitoring of the independence of the auditors, (vi) Proximus compliance with legal and regulatory requirements, (vii) the compliance within the organization with the Proximus' Code of Conduct and the Dealing Code.

The A&CC meets at least once every quarter.

## Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Conduct "A Socially Responsible Company". All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles, using the Group values (Collaboration, Agility and Accountability) as guiding principle.

The Code "A Socially Responsible Company", which is available on [www.proximus.com](http://www.proximus.com), sets out the above-mentioned principles, and aims to inspire each employee in his or her daily behaviour and attitudes. The ethical behaviour is not limited to the text of the Code. The Code is a summary of the main principles and is thus not exhaustive.

In addition, Proximus in general, and the Finance department in particular, has a tradition of a high importance to compliance and a strict adherence to a timely and qualitative reporting.

## Policies and procedures

The principles and the rules in the Code "A Socially Responsible Company" are further elaborated in the different internal policies and procedures. These Group policies and procedures are available on the Proximus intranet-sites. Every policy has an owner, who regularly reviews and updates if necessary. Periodically, and at moment of an update, an appropriate communication is organized.

In the financial reporting domain, general and more detailed accounting principles, guidelines and instructions are summarized in reference material available on the Proximus intranet-sites. In addition, the Corporate Accounting department regularly organizes internal accounting seminars to update finance and non-finance staff on accounting policies and procedures.

## Roles & responsibilities

Proximus' internal control system benefits from the fact that throughout the whole organization, roles and responsibilities are clearly defined. Every business unit, division and department has its vision, mission and responsibilities, while on individual level everybody has a clear job description and objectives.

The main role of the Finance Division is to support the divisions and affiliates by providing accurate, reliable and timely financial information for decision making, to monitor the business profitability and to manage effectively corporate financial services.

The team of the Corporate Accounting department assumes this accounting responsibility for the mother company Proximus and the major Belgian companies. They also provide the support to the other affiliates. For this centralized support, the organization is structured according to the major (financial) processes.

These major processes include capital expenditures and assets, inventories, contracts in progress & revenue recognition, financial accounting, operational expenditures, provisions & litigations, payroll, post-employment benefits and taxes. This centralized support, organized around specific processes and IFRS standards, allows for in depth accounting expertise and ensures compliance with group guidelines.

The consolidation of all different legal entities into the Consolidated Financial Statements of the Proximus Group is done centrally. The Consolidation department defines and distributes information relating to the implementation of accounting standards, procedures, principles and rules. It also monitors changes in regulations to ensure that the financial statements continue to be prepared in accordance with IFRS, as adopted by the European Union. The monthly instructions for consolidation set forth not only the schedules for preparing accounting information for reporting purposes, but also includes detailed deadlines and items requiring particular attention, such as complex issues or new internal guidelines.

## Skills & expertise

Adequate staffing is a matter to which Proximus pays careful attention. This requires not only sufficient headcount, but also the adequate skills and expertise. These requirements are taken into account in the hiring process, and subsequently in the coaching and formation activities, facilitated and organized by the Proximus Corporate University.

For financial reporting purposes, a specific training cycle was put in place, whereby junior as well as senior staff have to participate mandatory. These internally and externally organized accounting seminars cover not only IFRS but local accounting rules & regulations, Tax and Company law & regulations as well. In addition, the knowledge and expertise is also kept up to date and extended for more specific domains for which staff is responsible (revenue assurance, pension administration, financial products, etc.) through attendance to seminars and self-study. Furthermore, employees also attend general training session on Proximus new business products & services.

# Risk analysis

Mitigating factors and control measures are reported in the caption 'Risk Management Report'.

# Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption 'Risk Management Report'.

# Information and communication

## Financial reporting IT systems

The accounting records of Proximus and most of its affiliates are kept on large integrated IT systems. Operational processes are often integrated in the same system (e.g. supply chain management, payroll). For the billing systems, which are not integrated, adequate interfaces and a monitoring system have been developed. For the consolidation purposes, a specific consolidation tool is used.

The organizational set-up and access management are designed to support an adequate segregation of duties, prevent unauthorized access to the sensitive information and prevent unauthorized changes. The set-up of the system is regularly subject to the review by the internal audit department or external auditors.

## Effective Internal communication

Most of the accounting records are kept under IFRS as well as local GAAP. In general, financial information delivered to management and used for budgeting, forecasting and controlling activities is established under IFRS. A common financial language used throughout the organization positively contributes to an effective and efficient communication.

## Reporting and validation of the financial results

The financial results are internally reported and validated on different levels. On the level of processes, there are validation meetings with the business process owners. On the level of the major affiliates, a validation meeting is organized with the accounting and controlling responsible. On Proximus group level, the consolidated results are split per segment. For every segment, the analysis and validation usually include comparison with historical figures, as well as budget-actual and forecast-actual analysis. Validation requires (absences of) variances to be analyzed and satisfactorily explained.

Afterwards, the financial information is reported and explained to the Executive Committee (monthly) and presented to the A&CC (quarterly).

# Supervision and assessment of internal control

The effectiveness and efficiency of the internal control are regularly assessed in different ways and by different parties:

- Each owner is responsible for reviewing and improving its business activities on a regular basis: this includes a.o. the process documentation, reporting on indicators and monitoring of those.
- In order to have an objective review and evaluation of the activities of each organization department, Proximus' Internal Audit department conducts regular audits across the Group's operations. The independence of Internal Audit is ensured via its direct reporting line to the Chairman of the A&CC. Audit assignments performed may have a specific financial processes scope but will also assess the effectiveness and efficiency of the operations and the compliance towards the applicable laws or rules.
- The A&CC reviews the quarterly interim reporting and the specific accounting methods. The main disputes and risks facing the Group are considered; the recommendations of internal audit are followed-up; the compliance within the Group with the Code of Conduct and Dealing Code is regularly discussed.
- Except for some very small foreign affiliates, all legal entities of the Proximus Group are subject to an external audit. In general, this audit includes an assessment of the internal control, and leads to an opinion on the statutory financials and on the (half-yearly and annual) financials reported to Proximus for consolidation. In case the external audit reveals a weakness or identifies opportunities to further improve the internal control, recommendations are made to management. These recommendations, the related action plan and implementation status are at least annually reported to the A&CC.

# Composition and functioning of the governing bodies and their committees

## Board of Directors

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

Directors are appointed for a renewable term of up to four years. According to the limits for independent directors, defined in article 7:87 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, the maximum term for independent directors is limited to twelve years. The Board of Directors decided in 2021 that this maximum term will in the future also apply for the non-independent directors.

The Directors are appointed at the general meeting by the shareholders. The Board of Directors exclusively recommends candidates who have been proposed by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will take the principle of reasonable representation of significant stable shareholders into account and 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 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.

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 which benefits the good management of the company.

Composition of the Board of Directors:

Members of the Board of Directors appointed by the General Shareholders' Meeting upon proposal of the Belgian State:

Name	Age	Position	Term
Stefaan De Clerck	70	Chairman	2013 - 2022
Guillaume Boutin	47	Chief Executive Officer	2019 - 2024
Karel De Gucht <sup>1</sup>	68	Director	2015 - 2025
Martine Durez	71	Director	1994 - 2022
Ibrahim Ouassari <sup>2</sup>	43	Director	2021 - 2025
Isabelle Santens	62	Director	2013 - 2022
Paul Van de Perre	69	Director	1994 - 2022

Members of the Board of Directors appointed by the General Shareholders' Meeting:

Name	Age	Position	Term
Pierre Demuelenaere <sup>3</sup>	63	Independent Director	2011 - 2023
Martin De Prycker	67	Independent Director	2015 - 2023
Catherine Rutten	53	Independent Director	2019 - 2023
Joachim Sonne	47	Independent Director	2019 - 2024
Agnès Touraine	67	Independent Director	2014 - 2022
Catherine Vandendorre	51	Independent Director	2014 - 2022
Luc Van den hove	62	Independent Director	2016 - 2024

<sup>1</sup> By decision of the AGM of 21 April 2021, the mandate was extended until the AGM of 2025

<sup>2</sup> By decision of the AGM of 21 April 2021, Mr. Ibrahim Ouassari was appointed until the AGM of 2025

<sup>3</sup> By decision of the AGM of 21 April 2021, the mandate was extended until the AGM of 2023

## Functioning of the Board of Directors

The Board of Directors meets whenever the interests of the company so require or at the request of at least two directors. In principle, the Board of Directors holds five regularly scheduled meetings annually. The Board of Directors also yearly discusses and evaluates the strategic long-term plan in an extra meeting. In general, the Board's decisions are made by simple majority of the directors present or represented, although for certain issues a qualified majority is required. The Board of Directors has adopted a Board Charter which, together with the Charters of the Board Committees, reflects the principles by which the Board of Directors and its Committees operate. The Board Charter stipulates, among other things, that important decisions should have broad support, understood as a qualitative concept indicating effective decision-making within the Board of Directors following a constructive dialogue between directors. Files on important decisions are prepared by standing or ad hoc Board Committees with significant representation of non-executive, independent directors within the meaning of Article 7:87 of the Belgian Code of Companies and Associations.

In February 2014, the Board decided to give a broader interpretation to the notion "conflict of interest". Besides the legal clauses applicable to Proximus, the extra-legal obligations included in the Charter of the Board of directors stipulate that directors commit to avoid any appearance of conflict of interest by, amongst other, but not limitative:

- Not exercising any position, mission or activity in a private or public-sector body that, as important part of its business, offers for profit telecommunications services or goods in Belgium or in any country in which Proximus realizes at least 5 % of its turnover
- Not exercising any position, mission or activity on behalf of a direct or indirect competitor of Proximus or of one of its affiliates
- Not to assist, remunerated or not, any party in its contract negotiations with or procedures against Proximus or one of its affiliates



## Committees of the Board of Directors

Proximus has an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Transformation & Innovation Committee.

The members of the Audit & Compliance Committee are Mrs. Catherine Vandendorre (Chairwoman), Messrs. Stefaan De Clerck, Pierre Demuelenaere, Joachim Sonne and Mrs. Catherine Rutten.

The members of the Nomination & Remuneration Committee are Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere, Martin De Prycker, Luc Van den hove and Mrs. Martine Durez.

The members of the Transformation & Innovation Committee are Messrs. Stefaan De Clerck (Chairman), Karel De Gucht, Martin De Prycker, Luc Van den hove, Paul Van de Perre and Mrs. Agnès Touraine.

## Related Party Transactions

On 24 February 2011, the Board adopted a “related party transactions policy” which was updated in September 2016, which governs all transactions or other contractual relationships between the company and its board members.

Proximus has contractual relationships and provides also telephony, Internet, digital and/or ICT services to many of the companies in which Board members have an executive or non-executive mandate. These transactions take place in the ordinary course of business and at arm’s length.

## Evaluation of the Board

The Board of Directors organized a self-assessment at the end of 2021 together with external partner Guberna. This evaluation will be concluded in 2022.

## Executive Committee

Chief Executive Officer

In its meeting of November 27, 2019, the Board appointed Mr. Guillaume Boutin as new CEO. The CEO is entrusted with day-to-day management and reports to the Board of Directors. The Board has moreover delegated broad powers to the CEO. The contract of Mr. Guillaume Boutin is a renewable six-year fixed term contract that started on 1 December 2019.

The AGM of 15 April 2020 extended his mandate as Board member until the AGM to be held in 2024.

The members of the Proximus Executive Committee, other than Mr. Guillaume Boutin, the CEO, are Mrs. Anne-Sophie Lotgering, Mrs. Antonietta Mastroianni, Messrs. Jim Castele, Dirk Lybaert, Mark Reid, Geert Standaert, Renaud Tilmans and Jan Van Acoleyen.

Proximus has appointed members of the Executive Committee and of its staff to exercise mandates in companies, groups and organisms in which it has participations and is involved. Such mandates are not remunerated. A list of the persons concerned is given in section ‘Mandates exercised in companies in which Proximus participates’ of this report.

# Diversity & Inclusion statement

In accordance with Article 3 of the Law of 3 September 2017 on the disclosure of non-financial and diversity information by certain large companies and groups, Proximus' diversity policy, and its purpose and results, are described below.

## Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through our employees' unique capabilities, experiences and all other characteristics unrelated to someone's abilities, will help us reach a more diverse marketplace and will create sustainable business. It is also important to reflect the diversity of our customers and markets in our workforce.

Therefore, Proximus has a Policy on diversity and equal rights, which applies to all employees of the Proximus Group.

With this policy, Proximus wants to enable conditions in which these differences are recognized and respected and all employees are given equal opportunities.

Diversity is part of Proximus Code of Conduct.

For Proximus, diversity and equality mean:

- Treating all applicants and employees equally, based only on relevant competencies and objective criteria
- Creating an open and welcoming work environment that encourages contributions from people of all backgrounds and experiences
- Promoting a mindset of respect and openness throughout all levels of the organization and treating all employees fairly and equally
- Demonstrating behavior free from any form of racism, intolerance, discrimination, harassment or other attitude that could negatively affect the dignity of men and women at the workplace
- Incorporating diversity in all aspects of the way we do business, without any form of intolerance

Within Proximus, specific teams are in charge of monitoring compliance with the Charter and of taking the correct measures in case of non-compliance.

## Diversity & inclusion in our leadership and employees communities

Proximus is particularly conscious of the importance of diversity at all levels of the organization. To reinforce our commitment to recruiting employees with an inclusion and growth mindset and whose behavior is in line with the company's 4 core values, we have put in place a non-discrimination clause for each new application. Once they are part of the company, we ensure that they are the best ambassadors of our company culture by including a part on our inclusion program and philosophy in our on-boarding tool, our welcome days, and in all related training for team leaders, experts, trainees, etc.

While taking care to put in place well-balanced and talented mixed teams, Proximus reinforces its capacity for innovation and fosters its learning culture, the engagement of its employees and their creativity towards the future challenges of a digital world.

## Gender mainstreaming

Proximus is committed to a gender-neutral and non-discriminatory policy, which is reflected in all types of communication.

We are an inclusive company and equal opportunities is a basic principle of our mission statement that applies to everyone, regardless of gender or any other form of discrimination.

Inclusion puts into practice the concept of a gender-neutral and non-discriminatory policy by creating an environment of involvement, respect and connection.

The strength of the company lies in the richness of the talents of all employees, which creates added value.

Proximus has also decided to extend its gender strategy through the following actions:

- Contract signed with Open@Work to extend our strategy to the LGBTQIA+ community
- Actions in the framework of the international day against homophobia, transphobia and biphobia on 17 May
- In-depth analysis on possible impact of gender on various performance elements
- Analysis of the remuneration structure by level (add link to social statement)
- Charter signed for the "Inclusive Panels" initiative, committing ourselves to ensure more gender, ethnic and age diversity among experts speaking at events and conferences
- Participation in the implementation of the federal gender mainstreaming plan
- Implementing resilience training and initiatives to help employees cope with change and find balance in our new way of working

Proximus has set itself the objective of being the most active company in the promotion of women in the digital world and reached his target of recruiting 25% of women with a university degree in technical areas by the end of 2021. Moreover, we have appointed a woman to head the Digital Transformation & IT business unit, also a new member of the Executive Committee.

Within the framework of its Collective Agreement 2021-2022, Proximus commits to keep on taking initiatives in this domain and to remain open and non-restrictive in its communication, marketing and recruitment campaigns. Proximus will also take additional initiatives to communicate its diversity and inclusion vision, strategy and actions via educational videos, information to the business units staff plus live information sessions that will be proposed to all employees.

We will also keep on communicating via our brand-new page on diversity & inclusion launched in 2021 on our intranet, that gathers all information, events, celebrations and much more about diversity and inclusion at Proximus and in a broader perspective.

Proximus also supports internal and external diversity network activities and initiatives, such as the AfroPean network (APN). We have a Diamond Sponsorship in the 'Women on Board' organization and we continued to strengthen our partnership with Google, extending our #IamRemarkable community through the organization of new sessions and our participation to the worldwide week-long edition of September 2021.

At the heart of the #IamRemarkable initiative is a 90-minute workshop that strives to empower participants to talk openly about their achievements in their personal and professional lives, provides them with tools to develop this set of skills, and invites them to challenge the biases surrounding self-promotion.

We will keep on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

With regard to gender diversity, this approach is also reflected in the female representation at the different levels of our company:

- 36% of the Board of Directors
- 22% of the Executive Committee
- 23% of the members of the Leadership Team
- 32% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 57 nationalities.

Our different cultural values foster inclusion and promote collaboration.

## A culture allowing everyone to reconcile activities during the different life phases

Proximus wants to create conditions that allow its employees to reconcile the different aspects of their professional and private lives during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home childcare, ... These measures enable our employees to work in a safe, inspiring and inclusive workplace, with equal opportunities for everyone, allowing them to combine their personal and professional lives in order to be optimally present and feel supported, motivated and engaged at work.

Proximus is a founding partner of 'Experience@Work'. Thanks to this company, experienced talents from organizations can be deployed in other organizations that are looking for specific experience and/or talent.

The pandemic has massively changed our professional and private life. A series of training and resilience initiatives have been put in place to help our employees cope with these changes. However, while everyone has tried to find a new balance in the new way of working, the isolation we sometimes feel during this COVID-19 period makes us want to reconnect with others, to continue to find meaning in our work, to feel valued, to reaffirm our place within our team and Proximus, and to be able to look to the future with confidence.

As part of its approach to sustainable employability, Proximus commits to analyzing the possible implementation of ideas from the working groups organized on this topic in 2018 in co-creation with the representative trade unions.

Proximus is also extending until the end of 2022 the pilot project launched in 2021 for our shops salespeople who are in the 55+ age group, to revamp their working regime and reduce their work schedules.

## Human rights

Our high ethical business practices are defined in the Diversity and Equal Opportunities policy that has been reviewed in 2021. With this policy, we want to enable conditions in which differences are recognized and respected, and where all employees are given equal opportunities. This policy is applicable to all active employees of the Proximus Group.

## Working conditions

Proximus is committed to creating working conditions that promote fair employment practices and in which ethical conduct is recognized and valued. We maintain a professional workplace with an inclusive working environment, and we are committed to respecting Belgian legislation and the International Labor Organization's (ILO) fundamental conventions.

Proximus recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations. We will not contract child labor or any form of forced or compulsory labor as defined by the ILO's fundamental conventions. Moreover, we are opposed to discriminatory practices and do our utmost to promote equality, diversity and inclusion in all employment practices.

Our working environment standards are applied to every member of our diverse community and are exemplified by all managers, team leaders and employees, who are expected to act as role models in this matter.

# Remuneration report

The remuneration policies of the Directors and of the Executive Committee 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 the Proximus context, its specific strategies and its ambition to participate in an inclusive, secure, sustainable and prosperous digital Belgium.

Our company is taking particular care to provide relevant and transparent information on the general principles governing its remuneration policy and the level of remuneration of the members of the Board of Directors and of the Executive Committee. The Proximus Remuneration Policy has been approved by the General Meeting of Shareholders of Proximus on 21 April 2021 and is available on the corporate website of Proximus ([Remuneration policy | Proximus Group](#)).

All amounts in this remuneration report are presented as gross amounts. For employees this is the gross salary (excl. employer's social contribution) and for self-employed employees this is the gross remuneration (excluding VAT).

## 1. Remuneration of the members of the Board of Directors

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

The principle of continuity with the past has been maintained. The remuneration adopted by the General Assembly of 2004 has remained applicable in 2021 and no substantial change of the policy is expected for the coming years.

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

The CEO is not remunerated for the exercise 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.

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.

Although the 2020 Corporate Governance Code recommends that non-executive board members 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.

## 1.2. Remuneration granted to the members of the Board of Directors in 2021

The total amount of the remunerations granted in 2021 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 1,192,366.

During the year 2021 were held:

- 9 meetings of the Board of Directors
- 5 meetings of the Audit & Compliance Committee
- 6 meetings of the Nomination & Remuneration Committee
- 2 meetings of the Transformation & Innovation Committee

The overview of the individual gross amounts paid out to the Directors in 2021, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

## Remuneration granted to the members of the Board of Directors in 2021

Directors	Annual fix compensation	Attendance fees	Allowance*	TOTAL 2021
Stefaan De Clerck	50,000 €	142,500 €	6,616 €	199,116 €
Guillaume Boutin	-	-	-	-
Karel De Gucht	25,000 €	50,000 €	2,000 €	77,000 €
Pierre Demuelenaere	25,000 €	72,500 €	2,000 €	99,500 €
Martin De Prycker	25,000 €	65,000 €	2,000 €	92,000 €
Martine Durez	25,000 €	60,000 €	2,000 €	87,000 €
Ibrahim Ouassari	17,361 €	35,000 €	1,389 €	53,750 €
Catherine Rutten	25,000 €	57,500 €	2,000 €	84,500 €
Isabelle Santens	25,000 €	45,000 €	2,000 €	72,000 €
Joachim Sonne	25,000 €	57,500 €	2,000 €	84,500 €
Agnès Touraine	25,000 €	50,000 €	2,000 €	77,000 €
Catherine Vandendorre	25,000 €	70,000 €	2,000 €	97,000 €
Luc Van den hove	25,000 €	65,000 €	2,000 €	92,000 €
Paul Van de Perre	25,000 €	50,000 €	2,000 €	77,000 €
<b>TOTAL</b>	<b>342,361 €</b>	<b>820,000 €</b>	<b>30,005 €</b>	<b>1,192,366 €</b>

\* Annual fixed telecom allowance. For the Chairman, this amount also includes the benefit in kind related to the use of company car, which amounted to 2,616 € in 2021.

The following table gives an overview of the remuneration granted over the last 5 years to members of the Board of Directors, Chairman included. The year-over-year variance is solely due to the number of board and committee meetings held per calendar year and the attendance or absence of members at these meetings.

	Total 2017	Total 2018	Total 2019	Total 2020	TOTAL 2021
	1,080,244 €	1,000,499 €	1,243,509 €	1,231,116 €	1,192,366 €
year-over-year variance		-7.4%	+24.3%	-1.0%	-3.1%

## 2. Global Rewards Program – general vision

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 Executive Committee members and all other members of the Top Management, as well as for the entire workforce.



Our company has innovative, competitive and market attractive 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 – wages and working conditions included – are defined in a process of dialogue with the Board of Directors and with the social partners.

In view of its history as a company under public law, 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 and accountability 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 alignment with the business strategy and successful execution
- 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 modernizes – additional motivational instruments, such as work- life benefits (e.g. sick childcare and hospitalization), wellbeing initiatives 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.

## 3. Remuneration of the members of the Executive Committee

### 3.1. Decision-making process

The remuneration program of the Executive Committee 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, sustained performance and critical skills.

### *Competitiveness of the remuneration of the Executive Committee*

The remuneration policies and practices applicable to the Executive Committee 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 Executive Committee, 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 Executive Committee. 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 Executive Committee 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 Executive Committee 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 Executive Committee 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 differentiate in the total package offered, by providing not only a cash remuneration but also other benefits. A limited degree of freedom is also left to the top management, the CEO and the other members of the Executive Committee included, with regard to the choice of the pay-out means of their variable compensation.

All the amounts mentioned in this report are gross amounts before employer's social contribution.

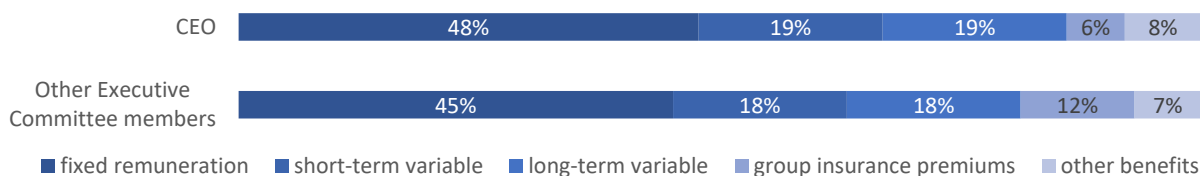
## **3.2. Remuneration structure of the Executive Committee**

The remuneration of the members of the Executive Committee is built upon the following components:

1. Fixed remuneration
2. Short-term variable remuneration
3. Long-term variable remuneration
4. Group insurance premiums
5. Other benefits
6. One-off and exceptional bonuses

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

## Relative importance of the various components of the on-target remuneration before employer's social contribution (end 2021)



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

No substantial change of the remuneration policy is expected for the coming two years.

### 3.2.1. Fixed remuneration

The fixed remuneration consists of a fixed salary earned by the CEO and by the other members of the Executive Committee 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 Executive Committee members others than the CEO is regularly assessed by the Nomination & Remuneration Committee, based on an extensive review of sustained 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 Executive Committee member, of his or her sustained 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.

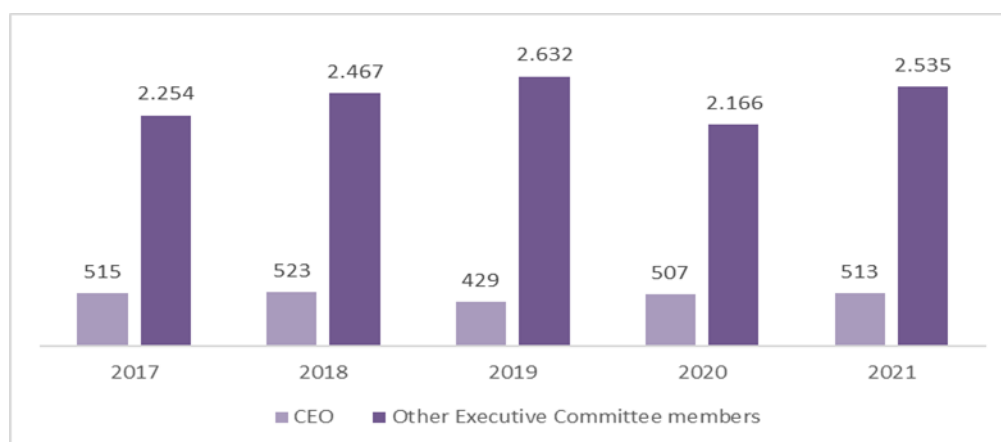
#### Fixed remuneration in kEUR before employer social contribution over 5 years

As for the CEO, the amounts reported for 2017 to 2018 were paid to the former CEO, Mrs. Leroy, as for most of 2019 (385 kEUR) while one month in 2019 (44 kEUR) and the amounts reported since 2020 were paid to the current CEO, Mr. Boutin.

Specific changes in the composition of the Executive Committee have impacted the total fixed remuneration paid in 2020 and in 2021 to the other Executive Committee members others than the CEO. The role of Chief Consumer Market Officer has been vacant for 2 months in 2020 and the role of Chief Financial Officer has been vacant from June 2020 till March 2021 included.

<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.

Besides, an additional role has been created at Executive Committee level in 2021 in order to support our digital transformation and ambitions, and a new member has therefore joined the Executive Committee in April 2021.



*The roles acted ad interim as CEO or as other member of the Executive Committee are not taken into consideration for current report.*

### 3.2.2. Short-term variable remuneration

#### A. Purpose and components of the short-term variable remuneration

The members of the Executive Committee, 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 Executive Committee 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 ambition to be successful and ensure its sustainability.

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

#### B. Group performance – Key Performance Indicators (KPIs)

The short-term annual variable remuneration is for 60% based on the Group's performance against a set of Key Performance Indicators (KPI's), that are, on a yearly basis, defined by the Board of Directors upon recommendation from the Nomination & Remuneration Committee. These KPI's are the so called STI KPI's (Short Term Incentives KPI's).

The amounts of short-term variable remuneration mentioned in current report are the ones paid out to the Executive Committee members in the course of 2021 and are thus related to the results of the Group KPI's of the 2020 performance year.

The Remuneration Committee recommended the following set of KPI's to the Board of Directors for the 2020 performance year:

Strategic Goal 2020	STI KPI 2020	KPI nature
Sustainable Growth	Business Cash Flow	Financial
	Net Acquisition Value	Mixed
	Gross OPEX Savings	Financial
Digital Company	Customer Experience	Non-Financial
	Digital	Non-Financial
Gigabit Network	Fiber Value Creation	Mixed
Employees	Employee Experience	Non-Financial

Each Strategic Goal has a weight in the overall STI KPI framework, in line with its relative importance for the Group. Each Strategic Goal has a number of clearly identified, specific, measurable and actionable KPI's associated to it. These KPI's are either of a financial, a non-financial or a mixed nature.

For the sake of confidentiality, the STI KPI's are only reported a posteriori in this report.

**The high ESG (Environmental, Social and Governance) ambitions of our Group are more and more reflected in our STI KPI's.** The chosen KPI's show our company's societal commitment to contribute to a more digital future for our country, accessible to all. Apart from the higher speeds and energy efficiencies brought by our new Fiber network, some additional specific STI KPI's have been added to the framework of 2021, to measure our efforts to evolve towards a more green, circular and safe society. In 2021, these KPI's included the number of returned fixed and mobile devices for refurbishment or recycling, the volume of recycled copper cables after building out-phasing/cleaning, roadworks and cable repair and our resilience to cyber security attacks. The framework of 2022 replaces the KPI of copper recycling with the companywide CO2 emissions reduction. Over the years, more comprehensive sustainability and digitalisation KPI's will be considered for the Group KPI's framework, in line with the increased importance of climate change and digital inclusion on the societal agenda.

A detailed definition for each of the STI KPI's can be found in the following table.

Strategic goal 2020	STI KPI 2020	Weight	KPI Definition
Sustainable Growth	Business Cash Flow	30%	Amount of Cash generated by the business operations.
	Net Acquisition Value	10%	Annualized value generated/destroyed by gains and losses of customers in the mass- and professional markets.
	Gross OPEX Savings	10%	Savings in Operational Expenditure, realized through internal initiatives aiming at reducing our cost base via increased productivity or efficiency, or via decreased consumption.
Digital company	Customer Experience	20%	This KPI consists of 4 sub-KPI's, each computed as a weighted average of underlying indicators per customer segment. They only relate to the Proximus brand, excluding Scarlet. <ol style="list-style-type: none"> <li>Net Promoter Score</li> <li>Customer Effort Score 'New customer'</li> <li>Customer Effort Score 'Administrative Assistance'</li> <li>Customer Effort Score 'Technical Assistance'</li> </ol>
	Digital	10%	This KPI consists of 2 sub-KPI's: <ol style="list-style-type: none"> <li>E-share of Sales: digital penetration of our sales volumes.</li> <li>Contact Centre Deflation: increase of digital first interactions resulting in deflation of contact center interaction volumes.</li> </ol>
Gigabit network	Fiber Value Creation	10%	Deployment and value creation in our new Fiber network.
Employees	Employee Experience	10%	Measurement of our employees' engagement, agility, empowerment, accountability and strategic alignment with respect to our company.
	<b>Total</b>	<b>100%</b>	

### **Measuring methodology: we all go the extra smile!**

For each performance indicator, an end-of-year target has been defined, as well as a pay-out interval with a minimum (Min) and a maximum (Max) threshold. The targets and thresholds are defined in such a way that they stimulate the teams to go the extra (s)mile whilst remaining realistic and achievable. For a KPI that meets its end-of-year target, the short-term variable remuneration pay-out (“Multiplier”) is at 100% of its target level. In case of overperformance versus target at year end, the Multiplier linearly grows to a maximum of 200% beyond which it is capped, whilst it linearly decreases to zero in case of underperformance versus target at year end.

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

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

### **C. 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 Executive Committee.

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 Executive Committee 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 Executive Committee 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.

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 Executive Committee 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.

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

As mentioned above, the amount effectively paid to the CEO and to the other members of the Executive Committee 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 Executive Committee 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.

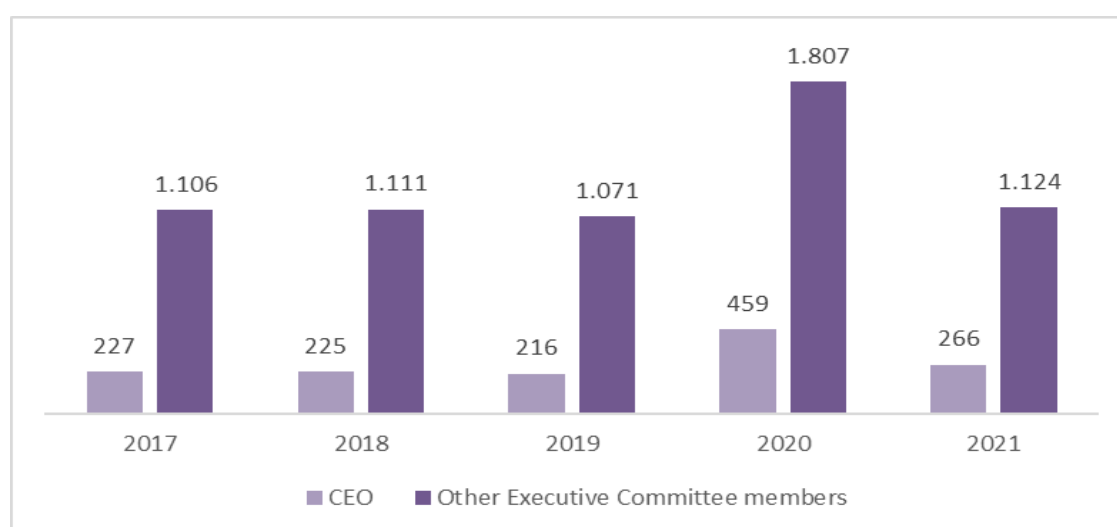
As also stated above, the Board of Directors will always ensure that the total amount allocated for individual performance is in line with the results at Group level, in order to consolidate the interdependence between the individual contribution and the company's performance.

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 Executive Committee 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.

#### Short-term variable remuneration in kEUR before employer social contribution over 5 years

In 2021, a short-term variable remuneration has been allocated to the CEO for a total amount of gross EUR 265,614. The amounts reported till 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 included the amount paid to the current CEO, Mr. Boutin (EUR 18,833 gross) but also included the amount (EUR 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019.

The total short-term variable remuneration effectively allocated in 2021 to the other members of the Executive Committee (2020 performance year) amounts to gross EUR 1,123,605. The year-to-year variations are mainly resulting from (i) the variations in the Group KPI results, from (ii) the changes in the composition of the Executive Committee and from (iii) the exceptional bonus paid in 2020 to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. The reported amount for 2020 also included the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Executive Committee (before his nomination as CEO).



### 3.2.3. Long-term variable remuneration

#### A. Purpose and components of the long-term variable remuneration

Our company wants to encourage its Executive Committee, 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 Executive Committee, 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.

#### B. Long-term variable remuneration allocation

The members of the Executive Committee, 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 Executive Committee 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 reviewed in 2019.

#### C. 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. Under this Performance Value Plan, targets are defined and fixed for the next 3 years and as a result, the awards granted are blocked for a period of 3 years. The amount actually paid after vesting, will depend on a final multiplier as described below.

This plan has been designed to keep the long-term variable remuneration of the executives balanced and attractive while maximizing Proximus Group's long-term value by aligning the interests of Proximus Group's executives with Proximus Group's shareholders and stakeholders. It aims to ensure that the actions and initiatives taken by the executives are guided by long-term and sustainable interests. Therefore, this remuneration clearly constitutes a long-term incentive.

Executive Committee members who would put an end to their employment relationship with our company before the end of the 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 Executive Committee.



## D. Long-term Incentive Key Performance Indicators

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.

In that respect, 3 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
- 1 non-financial KPI: The Reputation index of Proximus

The KPI's have been given different weights in the overall Long-term Performance Value Plan framework, in line with their relative importance in terms of long-term sustainability of the Group. A detailed definition for each of the KPI's, as well as their weight factors, can be found in the following table.

LTI KPI	Weight	KPI Definition and Measurement
<b>Total Shareholder Return</b>	40%	This criteria reflects Proximus' long-term competitiveness on the European telecom market by measuring its position against a representative basket of comparable European companies with respect to their Total Shareholder Return. The Total Shareholder Return being defined as the combination of share price appreciation and the dividends paid to show the total return to the shareholder. Current basket of European companies is the following: Deutsche Telekom, Orange, KPN, BT, Swisscom, Telefonica, Telecom Italia, Telenor, TeliaSonera and OTE. This KPI is measured annually, per calendar year, and the annual result is expressed as a percentage between 0 and 175, depending on the ranking of Proximus within the peer group.
<b>Group Free Cash Flow</b>	40%	The Group Free Cash Flow KPI will measure Proximus' healthy financial evolution over the years. Group Free Cash Flow targets are defined by Proximus' Board of Directors in line with the 3-year plan. This KPI is assessed annually against the objectives set and the annual result is expressed as a percentage between 0 and 175.
<b>Reputation index</b>	20%	The Reputation Index is a holistic, measurable and actionable KPI enabling Proximus to fully integrate the concept of reputation into its long-term strategy. It measures the corporate reputation of the company in the perception of relevant external stakeholders, representing long term value creation for these stakeholders. While corporate reputation is impacted by a wide range of attributes, the corporate reputation KPI is based on Proximus' performance on three reputation attributes ( <i>Fair in the way we do business, Positive influence on society and Meets customer needs</i> ), selected based on their statistic impact on reputation and their strategic relevance. A third-party company, the Reputation Institute, measures the annual results which are expressed as a percentage between 0 and 175.

For the Reputation Index and the Group Free Cash Flow, targets and thresholds are defined in such a way that they stimulate the teams to go the extra mile whilst remaining realistic and achievable on the long-term.

Each year, an annual result is calculated on the basis of the weighted average of the 3 above-mentioned performance criteria. After the blocking period of 3 years, the Performance Values vest and the Performance Values are then paid to the beneficiaries according to the final multiplier, being 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.

#### Long-term variable remuneration granted in kEUR before employer social contribution over 5 years

Given Mr. Boutin started his CEO mandate in December 2019, only the long-term variable remuneration allocated to him in the course of 2020 for one month performance in his CEO role is included in the reported granted amount for 2020. The amount allocated in 2021 refers to a full-year performance on 2020. The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration.

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross EUR 916,375 EUR in 2020 and to EUR 1,097,703 in 2021. The year-to-year variations are mainly resulting from the changes in the composition of the Executive Committee.



The CEO and the other members of the Executive Committee did not receive any Proximus shares nor Proximus stock options over the last 5 years.

### 3.2.4. Group insurance premiums

#### A. 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%.

Formula for complementary pension of the CEO = 10% \* W

*W = reference salary = monthly salary multiplied by 12*

The other members of the Executive Committee 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.

Formula for complementary pension of the other members of the Executive Committee

=  $N/60 * W - N/45 * ELP$

*N = number of service years expressed in months and years*

*W = reference salary = monthly salary multiplied by 12*

*ELP = Estimated Legal Pension = half of the legal pension ceiling*

#### B. Other group insurances

The CEO and the other members of the Executive Committee 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 Executive Committee 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 Executive Committee 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.

#### C. Average premiums cost for the company

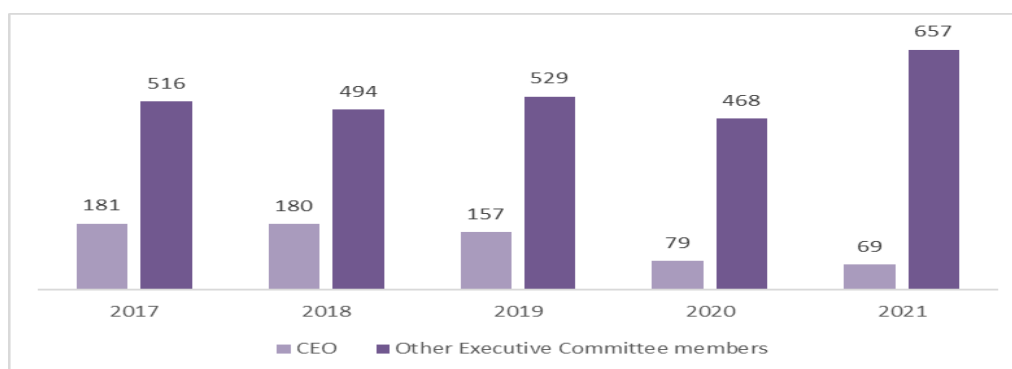
The average premiums paid by our company for the group insurances of the CEO is estimated to 13% of his fixed remuneration.

As for the other members of the Executive Committee, the average premiums paid by our company for their group insurances over the last 5 years amounted to about 22% of their fixed remuneration. In 2021 these premiums amounted to about 26% of their fixed remuneration but it includes a few regularizations.

### Group insurance premiums in kEUR before employer taxes over 5 years

The amounts reported till 2019 for the CEO were paid to the former CEO, Mrs. Leroy. The amounts reported since 2020 were paid to the current CEO, Mr. Boutin. The decrease is due to the change of complementary pension plan features with the nomination of current CEO, Mr. Boutin.

The year-to-year variations for the other members of the Executive Committee are mainly resulting from the changes in the composition of the Executive Committee and to a few regularizations in 2021.



### 3.2.5. 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 Executive Committee 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.

Where feasible, our portfolio of benefits and advantages is tailored and updated in line with our company's ambition to act for a green and digital society. For instance, our mobility program is now focused on clear objectives of a greener fleet and of a wide offer of green alternatives to car use for our employees, members of the Executive Committee included.

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.

For 2021, this ratio is estimated to 17% for both the CEO and the other members of the Executive Committee.

### Other benefits in kEUR before employer taxes over 5 years

The amounts reported for the CEO till 2019 were paid to the former CEO, Mrs. Leroy. The amounts reported for 2020 and 2021 were paid to the current CEO, Mr. Boutin. The increases in 2020 and 2021 of the Other benefits are mainly due to specific advantages related to the foreign executive status of current CEO.

The significant increase in other benefits for members of the Executive Committee is mainly due to specific advantages related to the foreign executive status of several members, including the specific costs related to the recruitment in 2021 of two members from abroad, like the relocation costs.



### 3.2.6. 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 Executive Committee.

This may be necessary, for example, in the case of additional responsibilities exceptionally assumed by a member of the Executive Committee when an Executive Committee position is vacant, or in the event that a sign-on or a special retention bonus would be necessary due to market circumstances. If granted, such bonuses are reported together with the short-term variable remuneration. These possible exceptional bonuses are included in the total short-term variable remuneration amount allocated to the other Executive Committee members.

## 3.3. 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 Executive Committee, 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 analyzed, both in terms of the amounts to be recovered and the way to do it.

## 3.4. Main provisions of the contractual relationships

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

### 3.4.1. 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.

### 3.4.2. Main contractual terms of the other Executive Committee members

Our company and the other members of the Executive Committee 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 Executive Committee 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 Executive Committee 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).

## 3.5. General overview

Below charts reflect the remuneration allocated to the members of the Executive Committee over the last 5 years by our company or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

## Remuneration overview of the CEO

Please note that for 2020, the current CEO, Guillaume Boutin, received 1/12 of the short- (18.833 € gross) and long-term variable remuneration (18.833 € gross). In 2021, he was entitled to 12 months short- and long-term variable remuneration (respectively 265.614€ gross STI in line with Group KPIs achieved and 203.996 € gross LTI).

CEO	2017	2018	2019	2020	2021
Fixed remuneration	515.108 € 55%	522.810 € 56%	429.498 € 52%	507.492 € 45%	512.537 € 45%
Short-term variable remuneration	227.195 € 24%	225.295 € 24%	215.661 € 26%	458.833 € 41%	265.614 € 23%
Long-Term variable remuneration	0 € 0%	0 € 0%	0 € 0%	18.833 € 2%	203.996 € 18%
Group insurance premiums	181.243 € 19%	180.003 € 19%	157.433 € 19%	78.550 € 7%	69.007 € 6%
Other benefits	13.357 € 1%	12.438 € 1%	17.619 € 2%	55.083 € 5%	86.402 € 8%
<b>SUBTOTAL (excl. employer's social contribution)</b>	<b>936.903 €</b>	<b>940.546 €</b>	<b>820.211 €</b>	<b>1.118.791 €</b>	<b>1.137.556 €</b>
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
<b>TOTAL (excl. employer's social contribution)</b>	<b>936.903 €</b>	<b>940.546 €</b>	<b>820.211 €</b>	<b>1.118.791 €</b>	<b>1.137.556 €</b>

\* CEO: All amounts reported till 2019 were paid to the former CEO, Mrs. Leroy. The short-term variable remuneration amount reported for 2020 includes the amount of a deferred short-term variable remuneration (440,000 € gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019. The contract of current CEO foresees short- and long-term variable remuneration targets both amounting to 40% of the fixed remuneration. The decrease in 2020 of the Group insurance premiums is due to the change of complementary pension plan features with the nomination of current CEO. The increase since 2020 of the Other benefits is mainly due to specific advantages related to the foreign executive status of current CEO.

All these amounts are gross amounts before employer's social contribution.

## Remuneration overview of the other members of the Executive Committee

Please note that an additional role has been created at Executive Committee level in 2021 in order to support our digital transformation and ambitions.

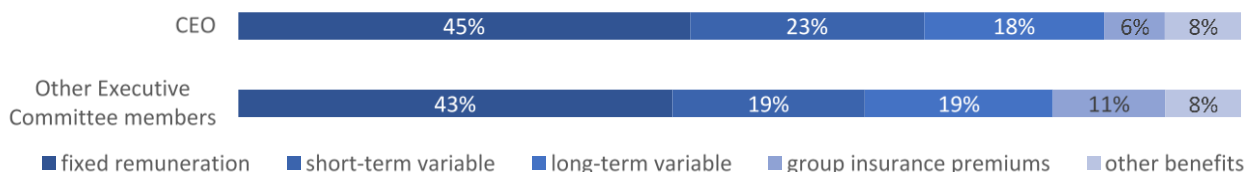
Other members of the Executive Committee	2017	2018	2019	2020	2021
Fixed remuneration	2.253.540 € 45%	2.466.946 € 47%	2.632.038 € 48%	2.166.045 € 39%	2.534.773 € 43%
Short-term variable remuneration	1.105.537 € 22%	1.110.745 € 21%	1.070.733 € 20%	1.807.390 € 33%	1.123.605 € 19%
Long-Term variable remuneration	1.005.000 € 20%	1.025.000 € 20%	1.055.000 € 19%	916.375 € 17%	1.097.703 € 19%
Group insurance premiums	516.193 € 10%	494.319 € 9%	529.369 € 10%	468.275 € 9%	657.319 € 11%
Other benefits	108.433 € 2%	124.172 € 2%	145.588 € 3%	135.648 € 2%	442.935 € 8%
<b>SUBTOTAL (excl. employer's social contribution)</b>	<b>4.988.703 €</b>	<b>5.221.182 €</b>	<b>5.432.728 €</b>	<b>5.493.733 €</b>	<b>5.856.335 €</b>
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
<b>TOTAL (excl. employer's social contribution)</b>	<b>4.988.703 €</b>	<b>5.221.182 €</b>	<b>5.432.728 €</b>	<b>5.493.733 €</b>	<b>5.856.335 €</b>

\* Other members of the Executive Committee: The increase in 2021 of the Other benefits is mainly due to specific advantages related to the foreign executive status of several members and the recruitment of two of them.

The roles acted ad interim as CEO or as other member of the Executive Committee are not taken into consideration for current report.

All these amounts are gross amounts before employer's social contribution

Relative importance of the various components of the remuneration effectively allocated in 2021 before employer's social contribution



## 4. Wages and working conditions: internal comparisons, and company performance

The global working conditions of our senior management, CEO and members of our Executive Committee included, are highly similar to the working conditions of all other employees.

Besides being limited, the few differences in benefits that exist between top management and executive committee members on the one hand and the rest of the workforce on the other are usually related to general market practices or individual needs. For instance, while medical coverage is the same for the vast majority of our employees, senior managers included, this medical coverage is extended for employees whose taxable family income is below a certain ceiling - extension for dentures, hearing aids and other medical prostheses - and is also extended for the members of the Executive Committee as to offer market conform conditions. The differences in benefits between the members of the Executive Committee and the rest of the employees are generally more related to the status of foreign executive of several members of the Executive Committee than to the function level or role.

In terms of remuneration, we ensure consistency between the remuneration and the business results as well as consistency between the remuneration policy of our executives and the remuneration policy of all other employees, for instance by aligning the ratio of the short-term variable remuneration actually allocated versus the target.

Our reward approach has always been designed to deliver long term sustainability, to reflect an excellent asset management risk model and to support the long-term business interests of our shareholders. It takes into account our responsibility towards our customers, our shareholders, the Belgian society and other stakeholders. This approach is also consistently applied to each subsidiary entity of our Group.

We want to recognize and fairly reward all employees' contributions. Our Group is committed to providing fair, gender neutral and consistent wages and working conditions to all employees, regardless of their level of responsibility or role. It is critical to have a competitive and market attractive Global Rewards Program for our entire workforce as to propel our company, all together, towards the future and to progress together in our ambition to participate in the construction of a green and digital Belgium we want to live in.



## 4.1. Pay ratio and pay evolution

The Pay ratio portraying the gap between highest and lowest paid remuneration in the company (Proximus S.A.) on a full-time basis is equal to 27,3 in 2021. This ratio is measured by comparing the highest (the CEO one) and lowest total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions.

Considering the scope of our organization, where everyone has a role to play but with very different levels of strategic responsibility, such a ratio is consistent and in line with market practices<sup>2</sup>.

Below table aims at portraying the evolution of the average remuneration on a full-time equivalent basis of the company's employees (other than members of the Board of Directors and of the Executive Committee) between 2017 and 2021.

### Average remuneration of the company's employees over years, including the year-over-year evolution

	2017	2018	2019	2020	2021
Average remuneration *	76.973 €	77.786 €	81.802 €	86.677 €	87.400 €
Year-over-year evolution		+1%	+5%	+6%	+1%

\* The average remuneration is measured by comparing the personnel costs – as published in the Social Balance sheet (code 1023) of the Annual Accounts of Proximus SA of the involved year – with the number of full time equivalents employees of Proximus SA at the closing date of the period (Executive Committee excluded).

## 4.2. Company performance

Below table shows the company's performance between 2017 and 2021.

### Company performance over years, including the year-over-year evolution

(EUR million)	Underlying revenue		Underlying EBITDA	
2021	5.578	+1,8%	1.772	-3,5%
2020	5.479	-3,6%	1.836	-1,8%
2019	5.686	-2,1%	1.870	+0,3%
2018	5.807	+0,5%	1.865	+2,3%
2017	5.778		1.823	

For more info, please see the Proximus Financial Report.

<sup>2</sup> According to the 2020 analysis of the BEL20 and BELMID 2020 Annual Reports published by Willis Towers Watson – based on 23 remuneration reports published by 7 April 2021 – the median of the disclosed pay ratio was of 26.6

## 5. Application of the Remuneration Policy and derogations

### 5.1. 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 Executive Committee only in accordance with its Remuneration Policy, approved 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 and 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 in the Remuneration Policy.

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.

### 5.2. Shareholders votes on previous Remuneration Report

The Remuneration Policy document detailing the general principles governing our company remuneration policy applicable to the members of its Board of Directors and its Executive Committee has been submitted to the votes of our shareholders at the General Assembly of April 21, 2021 for the first time.

The shareholders have shown their support and confidence in our Remuneration Policy by a very substantial majority (97.5%), which strengthens the choices we have made in this domain for the future.

The Remuneration Report, also submitted to the votes of our shareholders at the General Assembly of April 21, 2021, has been approved by 78.9%. This result has prompted us to adopt even more transparency in this report and to go further in the readability and the level of details of the disclosed information, as the opinion and trust of our shareholders matters much for us.

# Position of conflicting interest

A general policy on conflict of interest applies within the company. It prohibits the possession of financial interests that may affect personal judgment or professional tasks to the detriment of the Proximus Group.

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mr. Guillaume Boutin declared during the Board of Directors of 25 February 2021 to have a conflict of interest in connection with his performance evaluation for 2020, item on the agenda of that Board meeting.

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the minutes of this meeting are included below:

## “PERFORMANCE YEAR 2020 CEO

*In accordance with article 7:96 of the Code of Companies and Associations, the CEO, Mr Guillaume Boutin, informs the Board and the external auditor having a conflict of interest in connection with his performance evaluation for 2020. The Board takes note of this conflict of interest and will include the necessary statement in the management report of Proximus relating to the year 2020.*

*The CEO and CFO leave the meeting.*

## 2020 PERFORMANCE EVALUATION

*Upon the Committee’s recommendation, the Board decides that the percentage of 150 % reflects at best the individual performance of the CEO for the Performance Year 2020;*

*Accordingly determines*

- the amount of the Short Term Incentive at 265,602 €, payable in 2021;*
- the amount of the Long Term Incentive at 203,996 €. The Long Term variable pay will be granted to the CEO through Performance Values which will vest on May 1<sup>st</sup> 2024 and will be paid out in May 2024 in gross cash bonus according to the result of the long term performance criteria*

*This closes the item on the conflict of interest.”*

- Board of Directors 29 April 2021 – Banx Project:

In execution of article 7:97, §1 of the Belgian Code of Companies and Associations, decisions or transactions in execution of a decision of the Board of Directors of a listed company that concern a related party are subject to a special procedure. This is the case for the agreement by which Proximus becomes a business inducer for Banx banking service powered by Belfius. Such decisions or transactions have been submitted to a prior assessment by a committee of three independent directors.

In accordance with the article 7:96 combined with article 7:97 of the Belgian Code of Companies and Associations, the Board members representing the Belgian State did not take part in the deliberation and decision on item Banx Project, item on the agenda of the Board meeting of 29 April 2021.

In accordance with article 7:96 combined with article 7:97 of the Belgian Code of Companies and Associations, the minutes of the meeting are included below:

*“The Board decides to:*

- after having acknowledged the report made by the independent directors, approve the Banx Project and the creation of Proximus-branded financial services powered by Belfius; authorize the entry into force of the agreement by which Proximus becomes a business introducer of a specific Proximus-branded banking service in accordance with the framework explained in the Board paper*

# Obligation of the law of 21 March 1991 on the reform of certain economic public companies (article 27) and on the law of 3 September 2017 regarding, amongst others, the non-financial information (article 4)

## Mandates exercised in companies in which Proximus participates

The mandates exercised by members of the Executive Committee and employees of Proximus within companies, groups and organisations in which Proximus participates or to which it contributes to the functioning, are not remunerated

Participations	Members on 31/12/2021
PROXIMUS OPAL SA	O. Moumal D. Lybaert
BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) SA	G. Boutin D. Lybaert M. Reid J. Van Acoleyen
TORINO HOLDING CORP.	Dirk Lybaert Mark Reid Kathelijne Winderickx
TELESIGN HOLDING Inc.	Dirk Lybaert Mark Reid Kathelijne Winderickx
TELESIGN CORPORATION	Guillaume Boutin Dirk Lybaert Mark Reid Kathelijne Winderickx
CONNECTIMMO SA	J. Joos S. De Clerck P. Delcoigne K. Vandeweyer
PROXIMUS LUXEMBOURG SA	J. Castele J. Degadt V. Licoppe M. Lindemans A-S. Lotgering R. Tilmans C. Van de Weyer K. Van Parys V. Vermeire
TELINDUS-ISIT BV	C. Crous T. Defraigne P. Van Der Perren C. Van de Weyer
PROXIMUS MEDIA HOUSE (PmH) SA	J. Castele
BELGIAN MOBILE ID SA	A-S. Lotgering
PXS RE SA	L. Kervyn de Meerendré O. Moumal
BE-MOBILE SA	M. Lindemans J. Manssens J. Van Acoleyen

CASCADOR SRL	D. Lybaert (permanent representative of Proximus Opal S.A.)
PROXIMUS ICT SA (previously Proximus SpearIT SA)	O. Crucq M. Lindemans A-S. Lotgering G. Rottier C. Van de Weyer
CLEARMEDIA SA	G. Rottier O. Malherbe S. Huijbrechts C. Van de Weyer
SCARLET BELGIUM SA	J. Castele O. Crucq C. Deltenre G. Goethals G. Kelchtermans F. Michaux K. Vandeweyer
DAVINSI LABS SA	C. Crous P. Van Der Perren C. Van de Weyer
CODIT HOLDING SRL	C. Crous P. Van Der Perren C. Van de Weyer
TESSARES SA	W. Bouckenoooghe
CO-STATION SA	K. Cuveele J. Sonck
MOBILE VIKINGS SA	J. Castele G. Goethals D. Van Eynde
MWINGZ SRL	D. Lybaert J. Van Acoleyen K. Vandeweyer
i.LECO SA	A. Lorette P. Wauters
ADS & DATA SA	B. Vandermeulen
UNIFIBER MIDCO SA	G. Standaert C. Schoorman
FIBERKLAAR MIDCO SRL	G. Standaert R. Tilmans G. Guévar

The only exception to the non-remunerated mandates of management in companies in which Proximus participates, is hereby disclosed in accordance with the article 4 of the law of 3 September 2017 regarding a.o. the non-financial information. The remunerated board mandates are the following:

- Annual Remuneration of Mrs. Françoise Roels as board member of Proximus Media House SA: 13,000 EUR.
- Annual Remuneration of Mr. Philip Taillieu, representing Avantix BV, as board member of Be-Mobile SA: 15,000 EUR.

## Miscellaneous

### Branches

Proximus SA has no branches.

### Use of financial instruments

Proximus is exposed to market risks, including interest rate risks and foreign exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on analysis of these exposures, Proximus selectively enters into derivatives to manage the related risk exposures.

Proximus manages its exposure to changes in interest rates and its overall cost of financing by occasionally using interest rate swaps (IRS) as well as interest rate and currency swaps (IRCS). These financial instruments are used to transform the interest rate exposure from a fixed to a floating interest rate or vice versa.

Proximus' currency exposure relates to financial debts in foreign currency and to operational activities in foreign currencies that are not "naturally" hedged. In order to hedge such exposures, Proximus uses derivatives, mainly forward foreign exchange contracts and occasionally currency options.

As a result, Proximus is exposed to counterparty risks relative to potential failure by counterparty on derivatives. In general, Proximus does not require collateral or other security from counterparties as these are highly rated financial institutions.

### Members of the Joint Auditors

The mandate of Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL, Gateway Building, Luchthaven Brussel Nationaal 1J, 1930 Zaventem, represented by Mr. Geert Verstraeten and of CDP Petit & Co SRL represented by Mr. Damien Petit, for the statutory audit mandate of Proximus S.A. will expire at the Annual General Meeting of 2022.

Mr. Jan Debucquoy has been appointed on 1 April 2015. Mr. Dominique Guide has been appointed on 3 February 2021 in replacement of Mr. Pierre Rion.

# Auditor responsible for certifications of the consolidated accounts of Proximus Group

The mandate of Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL represented by Mr. Geert Verstraeten and CDP Petit & Co SRL represented by Mr. Damien Petit for the consolidated audit mandate of Proximus S.A. of public law will expire at the annual general meeting of 2022.

## In conclusion

On behalf of the Board of Directors, we propose to the shareholders to approve the annual accounts as they are presented herein and respectfully request that the shareholders grant discharge to the Directors and Auditors of the annual accounts for the execution of their mandate during the past financial year.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mrs. Agnès Touraine as candidate independent member of the Board of Directors which corresponds with a renewal of her mandate until the annual general meeting of 2026.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mrs. Catherine Vandenborre as candidate independent member of the Board of Directors which corresponds with a renewal of her mandate until the annual general meeting of 2026.

Appointment of Board Members in accordance with the right of nomination of the Belgian State:

In accordance with the nomination for appointment by the Board of Directors and after recommendation of the Nomination and Remuneration Committee, on behalf of the Belgian State, in accordance with article 18, §3 of Proximus' bylaws, we nominate Mr. Stefaan De Clerck as candidate Board Member for a period expiring on the date of the annual general meeting of 2025.

In accordance with the nomination for appointment by the Board of Directors and after recommendation of the Nomination and Remuneration Committee, on behalf of the Belgian State, in accordance with article 18, §3 of Proximus' bylaws, we nominate Mrs. Claire Tillekaerts as candidate Board Member for a period expiring on the date of the annual general meeting of 2026.

In accordance with the nomination for appointment by the Board of Directors and after recommendation of the Nomination and Remuneration Committee, on behalf of the Belgian State, in accordance with article 18, §3 of Proximus' bylaws, we nominate Mrs. Beatrice de Mahieu as candidate Board Member for a period expiring on the date of the annual general meeting of 2026.

In accordance with the nomination for appointment by the Board of Directors and after recommendation of the Nomination and Remuneration Committee, on behalf of the Belgian State, in accordance with article 18, §3 of Proximus' bylaws, we nominate Mrs. Audrey Hanard as candidate Board Member for a period expiring on the date of the annual general meeting of 2026.

We propose to appoint a College of Auditors consisting of Deloitte Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL, represented by Mr. Koen Neijens and Luc Callaert BV, represented by Mr. Luc Callaert, for the audit mandate of Proximus S.A. for a period of 6 years, which expires at the annual general meeting of 2028, for an annual audit fee of 293,000 EUR (to be indexed annually).



We propose to appoint as College of Auditors consisting of Deloitte Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL, represented by Mr. Koen Neijens and Luc Callaert BV, represented by Mr. Luc Callaert, responsible for the consolidated audit mandate of Proximus SA, for a period of three years, which expires at the annual general meeting of 2025, for an annual audit fee of 353,000 EUR (to be indexed annually).

Yours truly,  
On behalf of the Board of Directors,

Brussels, 17 February 2022.



Guillaume Boutin  
Chief Executive Officer



Stefaan De Clerck  
Chairman of the Board of Directors