



Annual report **2019**

proximus | group

All-In-One report including following documents:

Consolidated

1. Annual Report 2019 (non-financial information)
2. Consolidated Management Report 2019
3. Consolidated Accounts 2019
4. Report of the Joint Auditors on the Consolidated Accounts 2019

Proximus SA

5. Management Report 2019
6. Annual Accounts 2019
7. Report of the Joint Auditors on the Annual Accounts 2019



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Non-financial reporting approach 2019

For the Non-Financial information included in this Annual Report, we followed the indications of the Global Reporting Initiative (GRI) guide (core option). We have detailed our reporting approach in the Transparency section.

Proximus answers several questionnaires on Sustainable and Responsible investments such as Sustainalytics, Vigeo Eiris, MSCI, OEKOM ISS and Dow Jones Sustainability Index. Our ambition is to keep improving our performance by comparing it with that of peers.

In 2019, we were listed or scored as follows on the different indices:

- CDP Supplier Engagement leader board
- Constituent company of the FTSE4Good Index Series
- OEKOM ISS: C
- DJSI: 52
- Sustainalytics: 68
- Vigeo Eiris (not included in indices).

In this 2019 report, we show how we create value for our stakeholders and society, structuring the information around four strategic areas: Enabling a better digital life, Caring for our stakeholders, Contributing to society and Respecting our planet. We cover our most material topics, defined through an internal and external process, explained in the Transparency section. In the Governance section, we describe our governance framework, regulatory framework, risk management, remuneration structure and the Proximus share. Throughout the report we provide detailed performance data.



Proximus at a glance

- 5 Foreword from our CEO & our Chairman
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- 16 Key achievements



We will make Proximus the reference operator in Europe

Dear reader,

2019 was an important turning point for Proximus. We successfully built further on our ambition to become a truly digital-centric organization. At the same time, the market in which we operate is changing faster than ever before. Customer expectations are on the rise in a world of exponential technological advances while we face growing competition from new players and current market trends that are very challenging.

In the previous years, during the mandate of Dominique Leroy we achieved excellent financial and operational results. Our company has been going through a profound transformation along with the adoption of a new company culture. All these changes were successfully introduced, for which we are truly grateful to Dominique Leroy. We would also like to express our gratitude towards our CFO Sandrine Dufour for her intense and active role as CEO ad interim during the transition period. Now, under the leadership of the new CEO, Guillaume Boutin, the team will be

able to continue working on these foundations in order to prepare our future. To answer the fast-changing customer needs efficiently and remain relevant in the market, we will continue to invest in networks, IT, innovation and content.

The approval of the transformation plan and the last year changes in our executive committee create the momentum to set the bar higher and truly accelerate Proximus’ transformation through an ambitious, purpose-driven future strategy. This strategy will set us up for a successful turnaround to make Proximus the reference operator in Europe. We will set a higher level of ambition: by investing in next-generation networks, we will create long-term value and change the market dynamics fundamentally, while managing the short-term and mid-term competitiveness.

More than ever, the future of the company will be worked on with positive energy and ambition. This is a new starting point for our company, customers, stakeholders and employees.





Guillaume Boutin | CEO

With our new brand promise - Think possible - we want to inspire Belgians by showing them all the possibilities that the latest technologies offer. We want to empower everyone to realize their potential with our products and services.



Full-year results in line with our guidance

We delivered full-year results in line with our guidance through a sustained customer growth and continued strong focus on our costs. We posted nearly stable Domestic revenue when excluding terminal sales (-1.2%), and a stable underlying Group EBITDA (+0.3%). We maintained our high investments pace with EUR 1,027 million (stable vs 2018) invested with a clear focus on digitalization, networks and overall customer experience. We also invested extensively in our IT platforms, the ongoing multi-year modernization of our transport network and attractive content for our TV customers.

Towards true customer centricity

2019 was the year in which we laid the foundation to achieve our future ambition: to transform into a truly customer-centric digital company and to become the reference operator in Europe. We reached multiple milestones that helped us pave the way towards that ambition. These milestones live up to Proximus' new brand promise: "Think

possible". By embracing the digital revolution, we confidently guide our customers through all changes and possibilities and offer them worry-free experiences.

In the residential market, we fully commit ourselves to address the digital needs of all consumers - and create relevant daily experiences - on content, but also on helping them manage their daily lives. Key to this success is our openness towards innovative partnerships, e.g. with Shadow for cloud gaming and with the newspapers Het Laatste Nieuws and Le Soir for My e-Press. Such innovations keep us relevant and attractive for customers, as our solid results in Mobile, Internet and TV show.

Although we have a strong position in the enterprise market, we need to continue to reinvent ourselves to remain successful. To unlock the digital potential of our enterprise customers, we launched Proximus Accelerators: a partnership which brings together the wide-ranging expertise of Proximus and its subsidiaries in the domain of ICT. They support companies in their digital transformation by creating a fully

integrated ICT experience support. To leverage the value of our network, we continued to develop our wholesale business with already 20 fiber contracts in 2019.

Our goal is to embed digital in everything we do. By adding new servicing features to MyProximus, the customer tool to easily manage products and services, we take customer experience to a higher level for both residential and professional customers. Digital is also key to increase internal efficiency in customer operations: the use of automation, advanced analytics and artificial intelligence enables us to make our operations more efficient and offer better service.

Data consumption continues to grow exponentially, driven by video and gaming. Considerable investments will secure Proximus leading position in technology. We rolled out fiber already in 13 cities while also continuing to improve the speed on copper. The preparation of 5G will secure our mobile leadership on the long term - backed by the mobile access network sharing deal with Orange Belgium.

Empowering our organization to secure our future

To achieve our future ambitions, we need to empower our employees and our organization. The approval of our transformation plan, at year-end, was an important milestone for two reasons: to remain relevant for customers while securing our future.

In January 2019, we announced the need to reduce the number of employees over 3 years. We are well aware this period has not been easy for many of our employees. We are sincerely thankful for their continued commitment during this period of uncertainty. We are also grateful that the negotiations with the concerned trade union partners have led to finding solutions to reduce the impact of the plan, in everyone's interest. We will continue to guide and support all people impacted by the transformation plan.

The transformation plan also enables us to build the future of Proximus by developing the right skills with specific programs for the reskilling and upskilling of our teams. In 2019 each employee followed an average of 4.7 days of training. In order to make our employees even more resilient and digitally savvy, we aim for an average of 5.5 training days per employee in 2020, which amounts to an investment of more than EUR 40 million. In order to remain competitive, we also improve cost efficiency. Various projects have already been launched — to increase operational efficiency, to manage electricity consumption, to optimize suppliers' contracts, etc.

Sustainability, a strategic priority

As a company strongly rooted in Belgium, we want to make an impact on society by creating a safe, sustainable, inclusive and prosperous digital Belgium. The new digital economy is creating a lot of new opportunities, but it also brings new

challenges and responsibilities. By integrating sustainability in our strategy, we make it a visible priority in everything we do.

Our new sustainability strategy, acting upon the UN Sustainable Development Goals, has an increased focus on climate action. In our contribution to a circular economy, we want to move from a carbon-neutral company today to a net positive and truly circular company by 2030. We signed the Green Deal Flanders & Wallonia on circular procurement, and — amongst others — introduced green supply initiatives in several cities.

To drive digital inclusion in society, we reviewed our education projects: we partnered with the MolenGeek coding school, developed further our partnership with School 19 and launched ‘diggIt’, a new educational program for kids helping seniors to go digital.

We strongly believe that embracing diversity is a key to success. Therefore, we still support the European #EmbraceDifference pledge, committing ourselves to welcome a wide range of diverse talent — regardless of their gender, culture, age, ... We do so by being open and non-restrictive in our communication, marketing and recruiting campaigns. In 2019, we hosted major conferences on diversity & inclusion and on unconscious bias, co-organized with Jump and Women on Board.

Convinced to make the turnaround

Looking at all what we have achieved in 2019, we are convinced that we can be successful in becoming Europe’s reference operator.

In the coming years we will increase our efforts to adapt our IT infrastructure and deploy the networks of the future with



Stefaan De Clerck | Chairman

We want to be a leading company in addressing climate change. We are also committed to build trust in digital and drive digital inclusion in Belgium.

Fiber and 5G in order to offer our customers the experience and service they expect from us. Proximus will become the brand of reference and trust in Belgium, offering a visibly superior customer experience and service – especially in digital. Cybersafety for all our customers will of course be a major ambition. Local ecosystems and new partnerships will be key for our success and they will help us to develop new economic models. And finally, even more than today, we ambition to create a positive impact on the world around us and play our part in bridging the digital divide, providing opportunities for all digital talents and encouraging circular economy models.

We firmly believe in the opportunities of digitalization, whether for our company, our customers or the world around us. This is illustrated by the launch of "Think possible", which represents, beyond our new brand promise, a proof of confidence in the future.


Guillaume Boutin, CEO


Stefaan De Clerck, Chairman

To get a more comprehensive overview of Proximus in 2019, we invite you to further browse through this annual report. It shows our organization’s financial results and key achievements and our contribution to be an inclusive, safe, sustainable and prosperous digital Belgium.

Enjoy the read.

Who we are, what we do

Proximus is a provider of digital services and communication solutions operating in the Belgian and international markets.





We open up a world of digital opportunities so people live better and work smarter.

We offer products and services adapted to each customer and we are the partner of citizens, businesses, and Belgian society in their digital evolution.

Our advanced interconnected fixed and mobile networks offer access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. We are investing in future-proof networks and innovative solutions, creating the foundations for sustainable growth and becoming a truly customer-centric digital company.

The customer is at the heart of everything we do. Our aim is to deliver the best customer experience and to simplify the customer journey by offering accessible and easy-to-use solutions.

We want to create an inclusive, safe, sustainable and prosperous digital Belgium. We have been climate-neutral for our own operations since 2016 and we are rapidly shifting towards a more circular economy, requiring fewer resources and producing less waste. We have set a new ambition of being a net positive and circular company by 2030.

Our employees work hard each day to make Proximus a truly customer-centric digital company. They are a valuable asset. We want to create a culture where they can develop, make a difference, contribute to our results and be our best ambassadors.

Proximus is a Public Limited Company under Belgian Public Law, listed on Euronext Brussels (BEL20). Proximus' main shareholder is the Belgian state, owning 53.51% of the company's shares.

Our brands

Our complementary brands meet the demands of a wide range of customers. They all operate to fulfill our sense of purpose: “We open up a world of digital opportunities so people live better and work smarter.”

Belgium

In Belgium our core business products and services are offered under the **Proximus** and **Scarlet** brands. Our brand promise, “Think possible”, highlights everything we are able to do and experiment thanks to recent technologies. A promise we realize through Proximus, that offers best quality and service with a full choice of features to residential customers and enterprises; and through Scarlet, with its no-frills offering aimed at customers looking for the best prices.



Luxembourg

In Luxembourg we are present as Proximus Luxembourg SA, under the brand names **Tango** and **Telindus Luxembourg**. Both brands operate jointly to meet all the telecommunications needs of Luxembourg's residential and business customers.



The Netherlands

In the Netherlands we operate through **Telindus Netherlands**, specialist in smart and secure IT platforms.

Worldwide

We operate internationally through **BICS**, one of the key global voice carriers and the leading provider of mobile data services worldwide. BICS connects the world by creating reliable and secure mobile experiences anytime, anywhere. Their solutions range from global mobile connectivity, to seamless roaming experiences, fraud prevention and authentication, and to global messaging and the Internet of Things. Thanks to the acquisition of TeleSign in 2017, BICS is the world's first end-to-end Communication Platform as a Service (CPaaS) provider.



A unique ICT environment

To help our enterprise customers stay ahead of the game, we launched **Proximus Accelerators**, a partnership for cooperation between subsidiaries in our group that are IT experts. They have joined forces to support customers with the transformation of their business, driven by technology.

Each member complements the expertise of the other. That is what makes Proximus Accelerators capable of solving IT challenges end-to-end: from API development to integrated IT solutions, and from data privacy and security to smart mobility.



Be-Mobile offers a wide array of smart mobility solutions to help public authorities, road operators, car manufacturers and private companies improve daily mobility for travellers.

ClearMedia provides cloud solutions, services and products tailored to the (S)ME market through the indirect channel.

Codit is an IT services company and a market leader in business application integration, API Management, Microsoft Azure and Internet of Things.

Davinsi Labs offers security intelligence with a focus on vulnerability management, security information, event management and user activity monitoring.

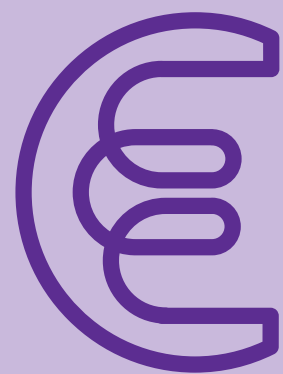
Proximus Enterprise operates for the professional market and the public sector. Its ambition is to support each customer on their path towards digital transformation through first-class connectivity and expertise in cloud services, IoT, big data and security.

Proximus SpearIT is the ICT integrator for mid-sized companies.

Telindus Luxembourg and Telindus Netherlands are specialists in smart and secure IT platforms.

Umbrio offers IT & network operations and analytics.

Unbrace is a full-service innovative digital transformation web application agency.



Group underlying revenue
EUR 5,686 Mio

Group underlying EBITDA
EUR 1,870 Mio

Capex
EUR 1,027 Mio

Free Cash Flow
EUR 504 Mio



Number of employees
12,931

Customer base



Fix internet
2,089,000

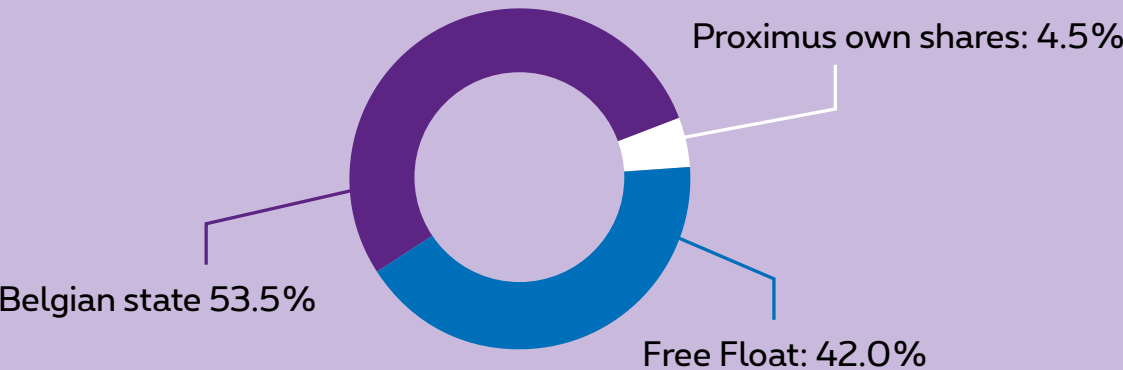


Digital TV
1,642,000



Mobile Postpaid
4,111,000

Shareholder structure
Public-private company



Listed on the Brussels Euronext stock exchange

Ticker: PROX ISIN code: BE0003810273



Key financial highlights

Proximus Group closes 2019 with financial results in line with guidance, driven by solid commercial performances and good cost control throughout the year

Supported by our appealing year-end campaign, we maintained a good customer momentum for Internet, TV and Mobile postpaid in the last quarter of 2019. Our segmentation strategy again proved successful in a very competitive market, with a growing number of Households signing up for converged offers, with especially the EPIC and Minimus packs having strong traction. By end-2019, over 60% of our Household customer base was convergent. In spite of an increasing number of “skinny bundles” offered on the market, we kept a strong position in the low-end segment through our Scarlet brand, with its attractive no-frills offering appealing to customers looking for the best prices.

Building on our ambition to become a truly digital-centric organization, addressing the digital needs of our customers and creating content-centric experiences, we launched My e-Press with the newspapers Het Laatste Nieuws and Le Soir on 1 December 2019. At the same time, we are vigilant with regard to preserving competitive Mobile pricing and announced an enrichment of our Mobile bundles as from 1 January 2020.

We maintained a strong position in an increasingly competitive Enterprise market. We achieved a further increase in our mobile base, despite high mobile pricing pressure. To remain successful, we continue to reinvent ourselves. Therefore, to unlock the digital potential of our enterprise customers, we launched Proximus Accelerators, a collaborative ecosystem of Proximus subsidiaries with highly specialized digital IT experts. They help companies in their digital transformation by creating fully integrated ICT support.

Our overall focus on digitalization also translates into a lower cost base for our Domestic operations, with, amongst others, a 20% decrease in calls towards our call centers.

As a result, we delivered over the year 2019 a slightly growing Domestic EBITDA.

For BICS, the solid progress in direct margin thanks to volume growth in A2P messaging and TeleSign’s mobile identity business was offset by higher expenses to fuel the growth of TeleSign, and by the progressive insourcing by MTN, be it in a limited way so far.

As we anticipated, the 2019 Group EBITDA therefore ended stable at + 0.3%.

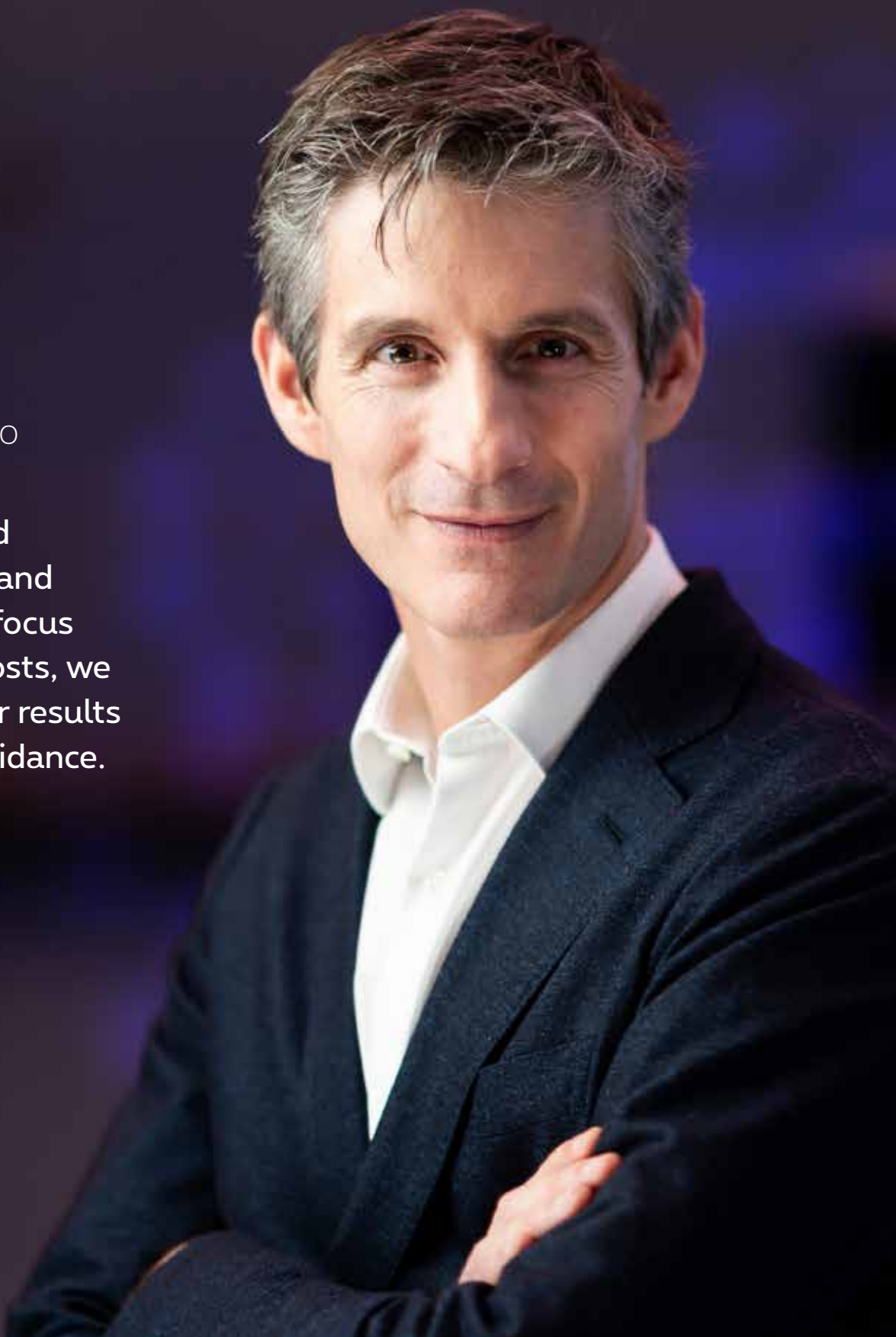
With the agreement concluded with the majority of the Unions on the Fit for Purpose transformation plan, we can continue to build the future of Proximus, developing the right digital skills with specific programs for the reskilling and upskilling of our teams.

We operate in a fast-changing market, with shifting customer expectations, fast technological progress and growing competition. In view of the challenges we face, we are working hard on further defining our strategy going forward. I’m looking forward to sharing the outcome at our Capital Markets Day and Press event scheduled for 31 March 2020 in Brussels.



Guillaume Boutin | CEO

Through sustained customer growth and continued strong focus on reducing our costs, we delivered full-year results in line with our guidance.



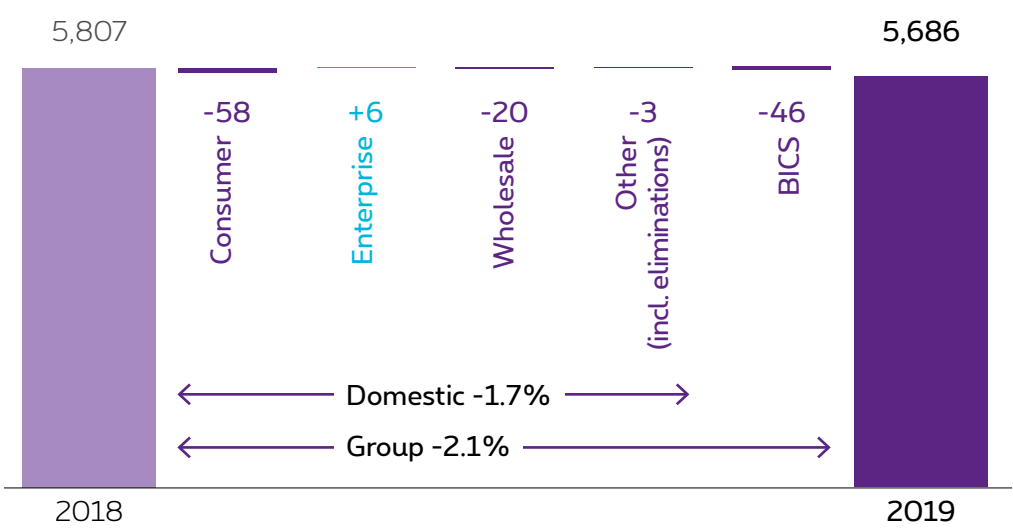
Revenue

The Proximus Group ended the year 2019 with total underlying revenue of EUR 5,686 million, 2.1% below that of the prior year. Within the mix, the underlying Domestic revenue decreased by 1.7%, and revenue from BICS, Proximus’ International Carrier business unit, ended 3.4% below that of the prior year.

For its Domestic operations, Proximus posted revenue of EUR 4,386 million in 2019, with the largest part coming from retail Fixed and Mobile Telecom services generated by the Consumer and Enterprise segments.

Despite Proximus’ continued customer growth in the Consumer segment, and maintaining a strong position in the Enterprise segment, the revenue from domestic operations was down from the prior year by EUR 75 million or 1.7%. This included a EUR 25 million decrease in devices revenues driven by the declining business of reselling standalone mobile terminals at low margin. Excluding this, the domestic revenue ended -1.2% below that of the prior year. Furthermore, regulatory impact on Fixed Termination and International calling/texting rates, affected the revenue negatively by about EUR -31 million, excluding the unfavorable impact from the legislation on customer reminder fees. The remaining revenue pressure largely resulted from an eroding Prepaid and Fixed Voice base, and lower Mobile inbound revenue, which was not fully compensated for by the growth achieved in Proximus’ core products.

Revenue evolution by segment (underlying, EUR Mio)



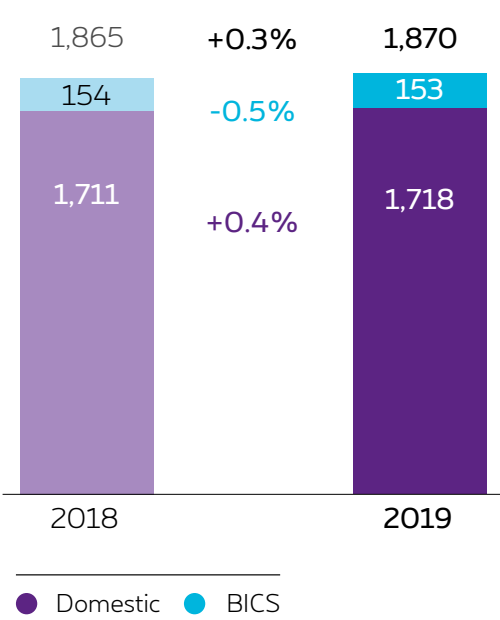
Underlying EBITDA

The Proximus Group posted an underlying EBITDA of EUR 1,870 million for 2019, up by 0.3% and meeting its expectation for the year.

The Domestic operations of Proximus grew the EBITDA by 0.4% to a total of EUR 1,718 million. This was driven by the companies’ strong cost control, more than offsetting the slightly lower Direct Margin. With a more efficient cost structure, the Domestic EBITDA margin improved to 39.2%, up from 38.4% for 2018.

BICS closed 2019 with its Segment Result totaling EUR 153 million, 0.5 % below that of the prior year following its increased cost base to support its growth areas, and a minor impact as a consequence of the gradual insourcing of services by MTN. BICS’ segment margin as percent of revenue for 2019 was 11.7%, up 0.3 p.p. from the previous year.

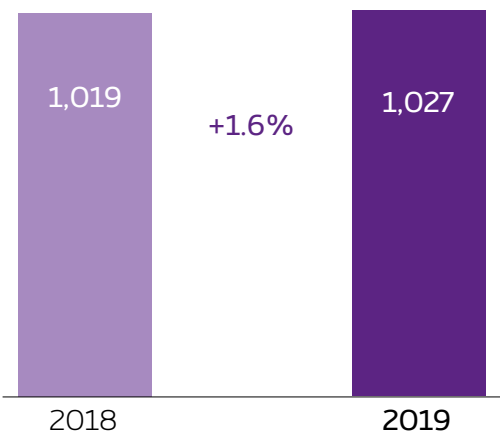
EBITDA (underlying, EUR Mio)



CAPEX

The level of Capex reflects the Group strategy to invest extensively in enhancing its IT platforms, the ongoing multi-year modernization of its transport network, and attractive content for its TV customers. In line with its expectations, Proximus invested a total amount of EUR 1,027 million in 2019, stable in relation to the EUR 1,019 million invested in 2018. With Proximus’ Fiber for Belgium project ramping up, this consumed a larger share of the yearly capex envelope. The deployment of this future-proof network kicked off early 2017, and by end-2019, inhabitants of 13 cities were being connected to Fiber. Coping with an ongoing steep increase in mobile data traffic, Proximus also invests to ensure a top-quality mobile network for its mobile customers.

Accrued Capex excluding spectrum (EUR Mio)

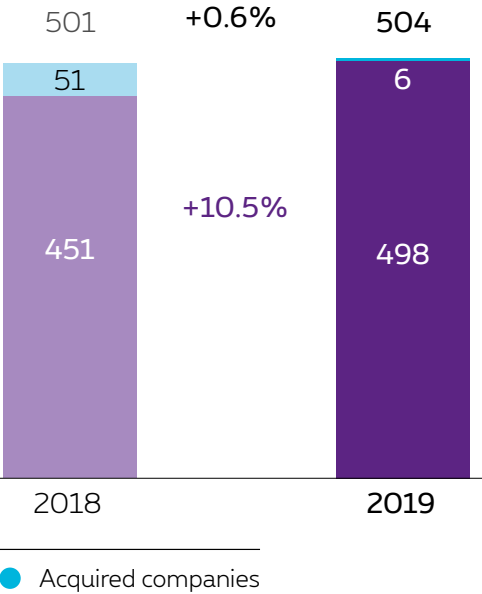


Free Cash Flow

Proximus' 2019 FCF totaled EUR 498 million, or EUR 504 million when excluding the 2019 cash-out related to acquisitions. This is rather stable relative to the EUR 501 million for 2018 (adjusted for acquisition cash-out for ION-IP, Umbrio and Codit).

In 2019, the higher amount of cash needed for Business working capital, payments made in the 2016 Early Leave ahead of Retirement restructuring plan, and less proceeds from building sales, was offset by lower cash out for income tax and interests, less cash needed for Capex and a positive evolution in underlying EBITDA.

Free Cash Flow (EUR Mio)



Transformation plan

In January 2019, Proximus announced the need to accelerate its transformation and further reduce its cost structure in order to continue to stay relevant in the market and continue the needed investments in networks, innovation and content.

This transformation will be realized through different types of measures:

- Proximus will continue to grasp cost-saving opportunities through rationalisation of its networks, product portfolio, platforms, buildings and IT systems and through further simplification, automation and digitalisation.
- Together with its suppliers, Proximus started discussions to investigate the different possibilities to reduce costs and increase efficiencies.
- Aiming to lower its costs with its external partners, Proximus asked, amongst others, to its external call center partners to shift to more cost-efficient work-models via near-shoring and off-shoring.

- In January 2019, Proximus announced the need to reduce the number of employees in line with the workload reduction mainly linked to digitalization. The transformation plan was approved by the majority of the Trade Unions on 9 December 2019 while the implementation had started by informing the employees individually. The agreed upon workforce reduction is managed through a specific process, starting with a voluntary leave plan with a majority of employees leaving by the 1st of March 2020. All other departures will happen before year-end 2020. In total, 1,347 FTEs signed up to the voluntary leave plan. A very limited number of involuntary leaves is expected at the end of the internal mobility and requalification process, which started early February.
- Proximus continues investing in employee reskilling and upskilling. In 2019 we invested EUR 34 million for an average of 4.7 training days per employee. In 2020 we aim for an average of 5.5 training days per employee, which amounts to an investment of more than EUR 40 million.

Key achievements



Networks

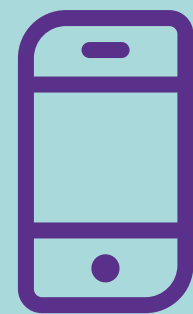


First showcases

- Virtual reality & cloud gaming
- Live video streaming
- Industrial robots & drones

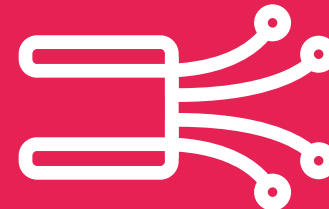


Mobile access network agreement with Orange Belgium



Superior mobile experience

- 3 mobile experience awards (OpenSignal)
- #2 worldwide mobile quality (Tutela)
- best 4G coverage (BIPT)



Fiber



- Roll-out in 13 cities
- 64% of companies in industrial zonings
- 20 wholesale deals

Digital innovations



My e-Press

The digital press offer of Le Soir+ and HLN Digitaal



Smart buildings & venues



Commercial achievements



New brand promise

Think possible

New segmented offers

Bizz Mobile

epic combo

Scarlet mobile




1.1 Mio unique visitors




SMARTADS

Proximus Accelerators

BEMOBILE

ClearMedia

codit|

d|si Davinsi Labs

proximus enterprise

proximus spearit

telindus

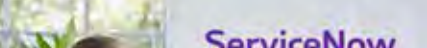
UMBRIo

{ } NBRACE

Digital customer experience




1.6 Mio active users (+ 8%YoY)




ServiceNow

E-ticketing for technical assistance

Accessible to 16,000 enterprise customers

Our people

Developing the skills of the future

- **EUR 34 million** invested in reskilling and upskilling
- Average of **4.7** training days/employee



Contributing to society



New partnership with



Can you diggit?
Yes, you can!

Kids helpen senioren op het digitale pad.



diggit

Educational projects for kids helping seniors to go digital

Respecting our planet

Green Deal Sustainable Urban Logistics

Making deliveries in cities efficient and emission-free



Green Deal Circular Purchasing in Flanders and Wallonia

Applying & facilitating circular purchasing



4% less energy consumed (vs 2018)

A young girl with long brown hair and a grey sweater is pointing at a smartphone held by an elderly woman with short white hair. They are both looking intently at the screen. The background is softly blurred, suggesting an indoor setting.

Creating an inclusive, safe, sustainable and prosperous digital Belgium

- 21 Contributing to society while creating value for our stakeholders
- 23 Enabling a better digital life
- 32 Caring for our stakeholders
- 43 Contributing to society
- 51 Respecting our planet



**Contributing
to society
while creating
value for our
stakeholders**

In 2019, we launched a new holistic sustainability strategy with one overriding goal: “Contributing to create an inclusive, safe, sustainable and prosperous digital Belgium”. We believe Proximus can act in four strategic areas to serve this goal, each translated into actionable pillars.

- Driven by our sense of purpose, we want to **enable a better digital life**.
- As a company with many ties to different communities, we **care for our stakeholders**.
- As a major Belgian company, we **contribute to society**, with a focus on making digital accessible to all and driving education about it.
- Finally, we **respect our planet** by being CO₂ neutral, becoming a truly circular company and through a sustainable supply chain.

We want to make an impact on society by contributing to the United Nations Sustainable Development Goals (SDGs) and by acting on topics that truly matter to our stakeholders.

Highly material topics and SDGs

The most material topics link with the four strategic areas of our sustainability strategy:

Enabling a better digital life

- 1 Innovation and sustainable infrastructure
- 5 Privacy and data security
- 8 Digital competitiveness of institutions and companies



Caring for our stakeholders

- 4 Business conduct and ethics
- 6 Health and safety
- 7 Human capital and employee development
- 9 Quality products and services
- 10 Responsible marketing
- 11 Pricing and billing transparency
- 12 Customer relationship



Contributing to society

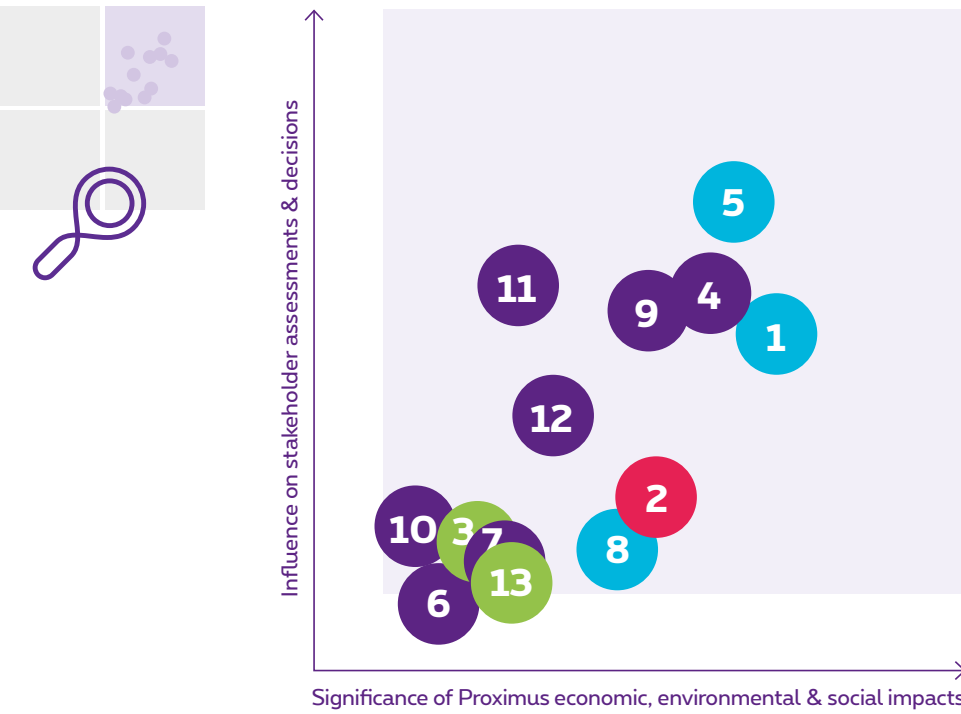
- 2 Connectivity and digital inclusion



Respecting our planet

- 3 Sustainability, energy and circular economy
- 13 Sustainable supply chain





Our materiality matrix

The areas in which we contribute to society are broad. To bring focus we consulted our stakeholders to define and act upon the most material topics, represented in our materiality matrix.

In this chapter, we focus on the topics in the upper right quadrant of the matrix. These are the most important for Proximus and its stakeholders. More information about the

integration of the UN's Sustainable Development Goals and about our methodology and the design of the materiality matrix can be found in the Transparency section in the Appendix.

For the information included in this Annual Report we followed the indications of the Global Reporting Initiative (GRI) guide. The audited KPIs are highlighted in the GRI content index in the Appendix.

Enabling a better digital life

We believe in a connected digital society. We encourage digital adoption by building high-quality future-proof infrastructure and by providing and co-creating innovative solutions and services. With our cyber security solutions and through data protection, privacy and awareness initiatives, we also build trust in digital.





Future-proof digital infrastructure

1 Innovation and sustainable infrastructure

Being connected is part of everyone’s and every company’s daily life. At home, at work and on the go. Our aim is to ensure that people and companies have access to high-quality fixed and mobile networks, so they can seize the opportunities of the digital world. With around EUR 1 billion investment per year, Proximus is Belgium’s biggest investor in a future-proof digital infrastructure.

KPIs	Result 2019	Result 2018
4G indoor coverage ¹	99.6 % ²	99.6 % ²
4G outdoor coverage ³	100 % ²	100 % ²
Fixed Internet speed 70Mbps and above	76%	73%
Average VDSL2 speed	79.2 Mbps	75.8 Mbps
Vectoring coverage	90.1%	88.6%

Fiber for Belgium

Data traffic and digital services are growing exponentially, mainly due to the increased volume used by videos, cloud apps and the Internet of Things. With Fiber for Belgium, a multi-billion EUR investment plan, Proximus prepares its infrastructure for the customers’ future needs by rolling out fiber to most businesses and city centers in Belgium.

1 The indoor coverage refers to the coverage of 4G inside of buildings.
2 Results are based on BIPT/IPBT public figures in Q4 and represent the coverage percentage based on a simulation provided by the operators calibrated on basis of BIPT-drive-tests .
3 The outdoor coverage refers to the coverage of 4G outside of buildings.

Fiber enables low-latency and stable high-speed connectivity, today reaching up to 1Gbps upload and download speeds, and soon up to 10Gbps. Our Fiber for Belgium roll-out is one of our key investments towards a digital economy and society. Our commercial offer provides a download speed of up to 220Mbps to our customers, which can be boosted to 400Mbps.

Fiber for cities

Fiber offers cities access to the most advanced digital services to enable their transformation into Smart Cities. Smart solutions can be developed by equipping fiber with thousands of sensors and devices thus improving mobility, public safety and air quality, and can drive growth and employment in the city. In the future, fiber will become an essential part of every city’s infrastructure just like the water supply and electricity network.

In 2019 we increased our fiber roll-out rhythm, thanks to boosted industrialization efforts. The rollout of this new technology is ongoing in 13 Belgian cities: Aalst, Antwerp, Brussels, Charleroi, Ghent, Hasselt, Knokke-Heist, Kortrijk, Leuven, Liège, Namur, Roeselare and Vilvoorde. (4 new cities in 2019).

Fiber for businesses

Fiber allows companies to exploit all the possibilities of the digital economy. It offers the most future-proof, reliable and scalable technology to stay competitive, agile and innovative. Its high speed facilitates the adoption of new ways of working and technologies such as artificial intelligence, data analytics, connected objects or virtual reality.

For business customers, we proactively roll out fiber in areas with high business densities – such as industrial zones and business parks – and we offer on-demand fiber connectivity to any business customer who requests it. As a result, our coverage within the business and corporate market segments saw a strong increase. At the end of 2019, fiber was available for 64% of companies located in industrial zones (compared to 48% in 2018).

Fiber for residential customers

With fiber, all members of a household can surf, stream high-quality videos, play and work online at the same time, with very low latency or loss of quality. And they benefit from the sharpest images on all screens.

In 2020, we will continue to grow our fiber footprint to reach our 50% coverage ambition in the years to come and adopt an ambitious fiber-centric marketing strategy, unlocking the commercial value in the residential, professional and wholesale markets. We make operational savings through the decommissioning of our copper network and by managing our networks remotely. At the same time we take efficiency measures to reduce our roll-out cost.



In 2020, we will continue to grow our fiber footprint.

Mobile network: on the road to 5G

While the use of mobile data is constantly increasing, Proximus wants to continue offering its customers the best mobile network experience.

Over the past two years, on top of extending the coverage of our 4G network (population coverage: 100% outdoor and 99.6% indoor), we have also invested in the faster 4.5G, adding more capacity to the network.

At the end of 2019, Proximus and Orange Belgium signed an agreement with the intention to set up a shared mobile access network. This will allow us to aim for a faster and broader 5G roll-out and to improve the mobile network capacity and coverage to the benefit of our customers.

In 2019, the first showcases of the precommercial 5G launch took place to show our professional and residential customers that we are 5G-ready. 5G use cases were demonstrated for enterprises during our ThinkThings event and for the gaming public at the ESL Proximus Gaming Championship.

In 2019, our affiliates Tango and Telindus were the first Luxembourg operators to have connected 5G live on their mobile network.

Also in 2019, the SAFIR consortium (of which Proximus is a member), successfully conducted a pilot project with drones above the city and the port of Antwerp. 5G connectivity will be of great added value for drone applications.

In 2020, Proximus will focus on the implementation of the shared mobile access network and invest in the end-to-end preparation for the 5G network roll-out. We will launch commercially as soon as the spectrum is available.



Optimizing our fixed network

To simplify our network we launched the Mantra+ project to replace technical buildings by an innovative new concept of compact and less energy-consuming Optimus-containers. Our Titan project to increase the capacity of our backbone from 10 to 100 Gbps, was successfully completed in 2019.

New tools and technologies enable us to continue the optimization of our Wi-Fi performance. We activated a smart Wi-Fi solution in our gateways: it provides our customers with the best Wi-Fi connection by choosing the optimal Wi-Fi

channel and the best Wi-Fi band (2,4 GHz or 5 GHz) for all their devices.

We also launched the Wi-Fi Booster, which extends coverage at home. With the Proximus Home Optimizer app our customers can find the right spot to install the Booster. The smart Wi-Fi solution also runs on the Booster, making sure that customers wherever in the house know which access point best to connect to.

White zones: boosting coverage

White and rural zones are less economically attractive. However, we want to make the opportunities of the digital world accessible to everyone, everywhere. We are doing this by using new technologies and co-investing with public authorities.

We invested an additional EUR 18.5 million in 2017-2019 to offer high-speed fixed broadband services and high-definition digital TV and to increase outdoor 4G mobile coverage in Wallonia.

In 2019, we have installed and upgraded 43 mobile sites to boost 4G mobile coverage in Wallonia. We have also worked with Tessares on innovative solutions to connect remote areas. We are implementing microwave ROP technology, connecting VDSL2 street cabinets through wireless microwave technology, and we have installed 97 remote optical VDSL2 platforms in white zones to increase VDSL coverage significantly. Thanks to the investments we made, 35 municipalities out of the 39, reach at least 60% high bandwidth coverage (> 30 Mbps), including 10 municipalities with a coverage above 80%.

In 2020, we will further increase the fixed broadband coverage and explore the possibilities of increasing the mobile coverage in white zones.



Digital trust

5 Privacy & data security

Today’s digital world offers many opportunities, but also new threats. Trust is a prerequisite for people and companies to embrace the many opportunities of digital and to enable a digital future. As a leading digital company, Proximus is actively involved in developing a safer digital society through data protection, privacy and awareness initiatives.

KPIs	Result 2019	Result 2018
International recognized certifications related to cyber security (ISO 27001 and Trusted Introducer certifications)	5 ¹	6
Phishing exercises - employee awareness result: employees who informed CSIRT	2,480	1,113

Cyber security: safety first

In developing infrastructure and digital services, safety is our top priority. That is why we offer our customers solutions to protect themselves and keep our employees up to date with the latest security practices . Threats in digital surpass national borders. To this end, we work closely with national and international cyber authorities.

1. Our ISO certificate 'Workplace-as-a-Service' has become redundant in 2019 due to the implementation of the Microsoft certification.

Within our company

In 2019, Proximus invested EUR 10 million in its Corporate Cyber Security Program. With this investment, we want to make our company more cyber-resilient and we want to offer best-in-class secured services and networks to our customers to protect company data, networks, servers and the end user.

Our corporate Cyber Security Incident Response Team (CSIRT¹) continuously monitors security alerts and coordinates the response to cyber threats. In 2019, our CSIRT analysts handled 1,261 incidents (versus 2,087 in 2018) and 23,111 alarms (vs 15,348 in 2018). No single incident had a major business impact.

We are the proud holder of 5 ISO certifications covering our data centers (including both certifications for housing and hosting), Security Operations Center, the enterprise Explore Connectivity and Managed Services which was recertified in 2019.

Raising cyber security to a higher level remains a top priority for 2020. We continuously invest in our Corporate Cyber Security Program, further strengthening our capabilities and sustaining our ISO 27001 and Trusted Introducer certifications.

For our customers

In 2019 we launched our state-of-the-art “Managed Security & Threat Intelligence” service, currently used by some of Belgium’s largest organizations like the Federal Public Services Finance and Justice.

1 The Proximus CSIRT is the central incident response team of the Proximus Group. Its mission is to provide information and assistance to reduce the risks of cyber security incidents as well as respond effectively to such incidents when they occur.

EUR 10 million invested in our Corporate Cyber Security Program in 2019.

Thanks to our acquisitions Umbrio and ION-IP we successfully continued to expand our cyber security solutions in the Netherlands, supporting Dutch cities to protect their citizens’ data.

Proximus’ Security Operations Center monitors more than 3,000 million events daily, alerting enterprise customers in case of incidents and remediating them.

In 2020 we will continue to invest in continuous improvement tracks for our Managed Security Services.

For the general public and institutions

We are a committed partner of BE-Alert, a 24/7 public warning system by the Belgian authorities. BE-Alert can broadcast news and information in the event of a crisis via SMS, fixed voice, email and social media.

We continued our engagement with NATO’s Cyber Defense teams in 2019 and also participated in working groups with international law enforcement agencies to get first-hand

information on the modus operandi of cyber criminals. Additionally, we are actively exchanging information about observed threats and attacks on a national and European level via the ETIS platform.

In 2020, we will continue to expand our collaboration network through active participation in the Cyber Security Coalition, through close collaboration with the Center for Cyber security Belgium, with other European telecom operators via the ETIS platform, with global companies through the World Economic Forum’s Center for Cyber Security and with the European Cybercrime Center of Europol and through new and existing strong partnerships, such as with NATO.

Cyber security education: raising awareness

We have an important role to play in raising society’s digital awareness. Not everyone is a ‘digital native’ and those who are, do not always see the digital dangers.

Educating our employees

In 2019, we organized a Security Week for our employees with a vast awareness program. We also hosted dedicated training, awareness sessions, and multiple ‘real life’ phishing exercises to increase the detection skills of our employees. We fully supported the national awareness campaign on phishing during the European Cyber Security Month: a strong downwards trend of employees being phished shows that awareness initiatives have a positive impact.

We also want to offer employees the opportunity to develop careers in cyber security. In 2019, 10 employees followed an extensive one-year training on cyber security.



Educating business and public sector customers

Professional customers and their cyber experts are always looking for in-depth advice and the latest trends. Therefore, we organized the biannual Proximus Cyber Security Convention. Our Proximus Corporate University (PCU) also provided security education programs for enterprise and public sector customers in 2019.

Five one-day information and networking events were organized by the Cyber Security Coalition, in which we are actively involved as co-founder and member. Each event addressed a dedicated topic such as secure applications, cyber threat intelligence, trust services, assessing & insuring cyber risks and security of drones. Currently 9 focus groups, gathering top experts from Coalition member organizations, are active: Awareness, Cyber Security Act, NIS, Privacy, Cloud Security, Cryptography, CSIRT-SOC, Enterprise Security Architecture and Governance and Risk & Compliance.

Educating society

Twice a year our employees – trained by partner organization Child Focus – visit primary schools to make children aware of safe and responsible Internet usage. They reached 10,300 children in 185 schools in 2019 (vs 10,259 children in 212 schools in 2018).

To reach undergraduates, in 2019 Proximus CSIRT organized for the third consecutive year a full-day ‘Capture the Flag’ contest for 50 students following the new cross-university master’s in cyber security (regrouping the ULB, UCLouvain, U-Namur and the Royal Military School) and 25 students from HOWEST, following the Professional Bachelor of Applied Computer Science – Computer & Cybercrime Professional.

In 2019, Proximus handled 94 requests from law enforcement authorities to block access to websites. We cooperate closely with the judicial authorities and help them in their investigation

in the context of criminal offences such as the possession and distribution of images related to child pornography. In order to protect our customers from fraud, like phishing via fake Proximus websites, the Proximus CSIRT is closely monitoring any attempts to attack our customers and is usually able to take down phishing websites in a matter of hours after the attacks were launched. In 2019, we were faced with 210 phishing attacks against our customers.

We believe in lifelong learning. We collaborate with CyberWayFinder, offering women who want to change career paths the opportunity to join the cyber security world (through on-the-job experience). In 2019, we welcomed two women trainees in our cyber security teams.

In 2020, we want to extend the reach of our training programs and learning partnerships to new schools and universities. Via our Safer Internet Day, we want to reach 12,000 students in the coming year. We will also continue to optimize internal processes to allow an efficient “privacy by design” approach.



We collaborate with CyberWayFinder, offering women who want to change career paths the opportunity to join the cyber security world.

Safe and private data: trusted gatekeeper

As a telecommunications company and supplier of digital services, we process enormous amounts of personal data. It goes without saying that these data must remain confidential and secure. To this end, we apply strict rules and policies within our company that respect GDPR legislation.

Proximus further extended the privacy settings within the MyProximus app and website to allow our customers to efficiently choose how we process their personal data.

Throughout 2019, several internal awareness initiatives via internal blogs and videos stressed the importance of privacy, e.g. during the Security Week 2019 or via the digital learning tool “Data and analytics at Proximus”.

- To show our commitment to protecting personal data and privacy, we took a series of actions:
- appointing a Data Protection Officer (DPO);
 - developing a consent management system;
 - implementing data subject rights processes, a “privacy by design” process, security screening and corrective measures for our IT applications.

A dedicated internal audit assignment concerning data usage and data acquisition within the consumer business unit has been conducted in 2019.

Digital innovation

- 1 Innovation and sustainable infrastructure
- 8 Digital competitiveness of institutions and companies

Digital innovations will shape the future of our economy and society. Not only do we want to increase the digital possibilities of our customers; we also want to have an impact on social and ecological challenges. That is why we are opting for open innovation: we work together with academia, support start-ups and co-create solutions with innovation partners.

KPIs	Result 2019	Result 2018
IoT connections	1.82 Mio	1.36 Mio
Number of projects with universities/education institutes	20	39

Supporting young companies, start-ups and scale-ups

As a catalyst for young companies, start-ups and scale-ups, we share our know-how, experience and infrastructure, and we collaborate on concrete projects. This way we stimulate innovation and boost our digital economy.

Co.Station

Since 2017, Proximus has been a partner of Co.Station. This innovation eco-system, with offices in Ghent, Brussels and Charleroi, has the ambition to lift the Belgian technology sector to a higher level by bringing established companies, startups, scale-ups and experts together so that they can stimulate one another.



imec.istart

We collaborate with imec, the world-leading Belgian R&D and innovation hub in nanoelectronics and digital technologies. We work together on programs & technologies such as Smart cities and artificial intelligence.



ThinkChallenges

ThinkChallenges is a portal where start-ups and academics can compete for selection to further co-create with Proximus. Business, operational and sustainability challenges for which Proximus is seeking a solution are shared with the community. In 2019, we partnered with iReachm to develop our Voice Assist solution for enterprise customers.

FinTech

We support the ecosystem of FinTech start-ups and companies offering innovative solutions for the financial world. FinTech represents the digitalization of next-generation financial services with cheaper, faster and highly customer-centric services. As an active member of the FinTech ecosystem, Proximus enables the digitalization of financial sector clients through cutting-edge solutions like DigitalKYC, blockchain, artificial intelligence and cloud services.

As an active member of the Luxembourg House of Financial Technology, Proximus Luxembourg enables the development of services which meet specific industry needs for the benefit of the entire Proximus Group and its customers.

Microsoft Innovation Center

Proximus is structural partner of the Microsoft Innovation Center (MIC) Belgium. This public-private partnership with the Walloon Region and Microsoft inspires, educates and fosters digital entrepreneurship. In 2019, we jointly participated in “Hack in the Woods”, a coding festival bringing together developers around societal goals.



Proximus API Solutions

Proximus API Solutions addresses the new, digital economy challenges of B2B business market with innovative API based solutions to help businesses in their digital transformation. Any business can enjoy this digital environment linked to a whole ecosystem of affiliates and partners to easily build today’s and tomorrow’s new solutions.





**Academic collaboration:
shaping the digital future together**

Proximus collaborates intensively with universities and university colleges. We gain access to innovative solutions and academic insights. In exchange, they can use our data, infrastructure and resources to put their ideas into practice.

To work more efficiently, we installed a central governance body in 2019, the Academics Board. This serves to align internal stakeholders and to evaluate the proposed projects and the availability of resources and budget to execute them.

We have collaboration projects at ULB/VUB, UCLouvain, KULeuven and UGent in the domains of Security, AI, mobile and fixed networking, and IoT.

With UGent, we jointly create collaboration projects in telecom and ICT and cooperate on doctoral research and theses. We are currently working together on several projects, such as studying exposure to air pollution or making a predictive analysis of criminal offences, both by using data from our mobile network.

Demand is rising for employees with strong digital skills. That is why we want to cooperate even more closely with the academic world in specific domains such as artificial intelligence or cyber security and on aligning training courses with the fast-evolving labor market.

In 2019, 149 young people did an internship at Proximus. It gives them the opportunity to acquire new digital knowledge and consider to start a career within Proximus.

**Innovative solutions addressing
societal challenges**

We are convinced that we have an important role to play in creating a strong digital Belgium. We want to help companies in their digital transformation, to build a robust digital economy in Belgium as well as tackle societal problems together in terms of mobility, safety, energy and climate.

To deliver on this, we invest massively in our current and future networks and infrastructure with the deployment of fiber and the continuous improvement of our mobile network in anticipation of 5G. On the other hand, we continue to invest heavily in the right skills and services that push the digital economy forward: IoT, data analytics & artificial intelligence, cyber security, cloud transformation, application integration and application development.

This is largely supported by Proximus Accelerators, our ecosystem of IT affiliates, augmented with in-house developments and industry-specific partnerships. This ecosystem provides us with a unique combination of assets to create solutions and applications that create an added value for companies, industries and the end user.

Each year, we organize the ThinkThings event for our enterprise customers and partners to give an overview of the countless possibilities of IoT and data analytics.

IoT, driving many smart solutions

Proximus is Belgium’s leading IoT connectivity provider - with more than 1.8 million connections, using different wireless technologies (LTE, LoRa, NbloT) and offering strong platforms. It is a critical component in many of the smart solutions we develop.

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Smart energy and climate

Within the framework of the IO.Energy open innovation initiative, initiated by the Belgian ecosystem of energy providers, Proximus is co-creating an advanced solution. Its purpose: to radically improve energy efficiency in and across large buildings. With our IoT platform we also enable the country-wide roll-out of smart meters in Belgium.



Smart buildings and venues

Together with leading Belgian construction company Besix we develop a variety of smart building solutions in various domains: energy efficiency, hospitality, advanced workspace management and physical security services. Proximus also delivers unique experiences to visitors and owners of large venues such as exhibition spaces, sports facilities or hospitals. We do so by providing mobile applications and digital platforms for parking guidance and optimization, visitor hospitality and on-site guidance, as well as advanced visitor analytics services. As such, in 2019 we collaborated to the digital transformation of the Tour & Taxis site in Brussels.

Smart mobility and logistics

Our affiliate Be-Mobile is one of the leading Smart Mobility companies. It helps to solve complex mobility problems through parking, tolling and multi-modal mobility solutions. A well-known example is 4411, a parking solution used by 58 cities in Belgium. In 2019, Be-Mobile launched a pilot to predict the weather on a small-scale level using floating car data - in co-operation with imec, Verhaert, Inuits, bpost and the Royal Meteorological Institute (RMI) of Belgium. It is our common ambition to improve road safety by warning drivers in time for dangerous weather conditions.



Smart cities and safety

In Flanders we are a part of the City of Things project, where we work together with the research center imec, academics and many cities to test new network communication enablers and solutions. We co-create innovative Smart City services with citizens and an ecosystem of commercial partners.





Caring for our stakeholders

At Proximus we believe in a positive and respectful relationship with our internal and external stakeholders. We put the customer at the centre of everything we do, and we want to provide an inclusive, safe and inspiring environment for our employees alongside with solid governance principles for our suppliers and other stakeholders.



Customer first

- 9 Quality products and services
- 10 Responsible marketing
- 11 Pricing and billing transparency
- 12 Customer relationship

The customer is key to Proximus. We aim to offer our customers a superior experience along their journeys with us. We invest time and effort in listening to them, getting to know their needs and closing the loop with them when needed. Being a Proximus customer means having peace of mind, accessing a larger catalogue of content, products and solutions while being helped when having support needs.

KPIs	Result 2019	Result 2018
Blended usage satisfaction for residential customers	93.5%	94.6%
MyProximus active users	1.6 Mio	1.48 Mio
Customer complaints	-18% vs '18	-6% vs '17
Field repairs	-14% vs '18	-6% vs '17
# complaints from JEP (# of which justified)	2 (1)	7 (2)

Offering a future-proof customer experience

To deliver on our ambition and become a truly customer-centric digital company, we are committed to offer our residential customers digital experiences that are relevant, personalized and effortless. Our enterprise customers expect us to be a partner that offers relevant solutions, is reliable and convenient to work with. Our customers want us to be digital where it brings value to them (easier, faster, first-time-right guaranteed) and human on other occasions, in critical situations or when specific expertise is needed.

By putting the customers at the heart of our strategy, we are further improving our ability to listen to them and to understand their needs. In 2019, we have further rolled out our customer feedback platform “Voice of the customer”, providing near real-time information on the customer experience. With this initiative we want to further improve the way we collect and share feedback from our customers and act upon it directly by contacting proactively customers signaling open questions. In collaboration with customers, our multidisciplinary teams defined new and future-proof experiences based on their real needs and expectations.

Listening to our customers taught us we had to look at their experience end to end. For that purpose, we identified journeys based on key moments for our customers and we improved and digitalized them through design thinking exercises together with our customers. Each journey is defined as a series of interactions initiated by a customer’s need and aimed at providing a solution with minimal effort for them.

An example of a journey is when a customer moves to a new home and wants to get his telecom services up and running as from the day he moves in. Customers need a quick and simple way of informing Proximus about their move and of ensuring the follow-up. This is why we launched a new feature in MyProximus, allowing customers to quickly organize and follow up their move online.

Putting the customer at the heart of our strategy also means improving customer experience. That’s why we have launched several initiatives in a digital-first approach.

Residential customers

In order to improve our relevance towards our specific market segments we developed specific offers for families, millennials and Generation Z, price seekers and small enterprises. In 2019 we enriched our segmented offerings with:

- the cheapest internet offer for budget seekers Scarlet Poco and Scarlet Loco;
- a new Epic combo full offer to reconnect with Generation Z through the integration of cloud gaming;
- My e-Press subscription on Le Soir+ and HLN Digitaal in our residential packs;
- the launch of new innovative solutions like Bizz Online for small enterprises and self-employed customers, to support them in their digital presence.

We want to be the ultimate digital companion in the daily life of our customers, thanks to unique content, a personal editorial DNA, tone of voice and local anchorage. Last year, our TV platform went through a total make-over and became



Pickx, inspiring the customer with a personalized content experience across all screens. At the end of 2019, Pickx had 1.1 Mio unique visitors.

Furthermore, our innovative partnership with Shadow enabled us to enrich our entertainment offer with cloud gaming.

In June 2019, we launched Enjoy!, our new loyalty program, available via MyProximus. Enjoy! offers each customer the possibility to play and win tickets or benefit from exclusive reductions as well as priority access to a whole range of cultural, sports and music events.

For our residential customers, we have 2 chatbots, Alix for our Epic customers and Sam on Facebook Messenger. In 2020, we will further roll out our chatbot Sam for our website and MyProximus to answer to up 40% of sales and servicing questions.

MyProximus, the customer tool to easily manage products and services, empowers our customers with new services and becomes more user-friendly all the time. Since mid-2019, Google Assistant is available on MyProximus. Customers can use voice commands on their smartphone to access billing data, check data usage, etc. This new tool minimizes the effort for the customer to get access to his services.

MyProximus had 1.6 Mio active users in December 2019. In the coming years, we will add different services that will simplify and support customers' day-to-day life: parental control, Internet access management or the purchase of parking or public transport tickets.

We have digitized our payment and billing flow and improved the billing and collection IVR, leading to a significant drop in billing and collection calls. (-24% in 2019 vs 2018).

We also fully deployed our field agents dashboards that help our agents, technicians and splicers to give a better customer experience. Our call center agents can find all technical, commercial and administrative customer information and our splicers and technicians have a good overview of their tasks and the tools they can use.

In our efforts to further simplify our IT landscape, we have migrated all our residential and Small Enterprise customers, 3 Mio customers, to a single mass market IT stack. As a consequence, we deliver a better customer experience and strongly reduce the number of complaints.

In order to build more intelligent operations, we have initiated 13 new projects intending to leverage artificial intelligence capabilities. Projects vary from email classification for our contact centers to the detection of various technical root causes in our field operations to take faster and better actions. In 2019, these projects contributed to a decline of repair interventions with 14%.



**MyProximus
active users:
+8% vs 2018.**



21,000
enterprise customers
on MyProximus.

Enterprise customers

To enable companies to fully exploit the potential of technology, we invest massively in our current and future networks and infrastructure. We developed a broad range of expertise in ICT and innovation, cloud services, security, workplace applications, IoT and data analytics.

The creation of Proximus Accelerators in 2019, brings together the complementary knowledge of Proximus and its various affiliates. Customers can now experience a fully integrated ICT experience with only one point of contact.

In 2019, we invested substantially in MyProximus for our enterprise customers. For example, we have made new digital tools available via MyProximus that boost the convenience for those who require assistance. We also focused on the onboarding of customers through digital marketing combined with our customer-facing staff, people who are trained to become digital guides for our customers.

Since June 2019, enterprise customers who order fiber-based internet solutions (about 3,000/year) can check the different steps and trace the progress of their installation in MyProximus.

At the end of 2019, we onboarded 21,000 of our enterprise customers on the new digital tools behind MyProximus — enabling them to digitally report technical telco tickets and to manage their mobile invoices and fleet.

To allow enterprise customers easier access and a better understanding of their mobile invoices, Invoice Insights was launched in 2018. At the end of 2019, over 11,000 mobile enterprise customers had subscribed to this tool.

To provide faster assistance and improve communication and follow-up in case of technical incidents on connectivity and PABX solutions, ServiceNow was launched early 2019. At the end of 2019, over 16,000 enterprise customers had access to the tool.

In case enterprise customers require administrative support, want to log a complaint or need to initiate a change on their mobile park, they can use our new digital case management service since November 2019.

In addition to investing in convenience, we keep updating our solutions and services to remain relevant for our enterprise customers. In 2020, the first industrialized software-defined connectivity solution will be launched, and several existing solutions will become available through open API's to allow digital integration in the business applications of our customers. Our offering will also be extended with migration and integration services to help customers in their digital transformation.

Providing peace of mind to our customers

Responsible marketing

We pay particular attention to responsible marketing practices and comply with the rules prohibiting advertising the use of mobile phones to children under 7.



We received two complaints from the Jury of Ethical Practices, of which one was justified and corrective measures taken.

We provide parents with tools to help protect their children, such as parental control on TV and smartphones, and advice on our website for parents on how to protect their children online. In 2020, we will offer new parental control services on MyProximus.

We want to actively protect our mobile post-paid customers from bill shocks. That's why we offer Mobilus Full Control, which ensures customers can control their budgets. On the MyProximus app, mobile post-paid customers can keep track of their spending on calls, text messages and data. We also send them alerts about their current in-bundle and out-of-bundle usage, and we inform them of the possibility to buy additional one-shot data bundles. In addition, we proactively contact customers with regular out-of-bundle usage to suggest better tailored plans and prevent bill shocks.

Safety of our products & services

The health and safety of our customers and our environment is a priority for Proximus. We comply with all relevant legislation, both for networks and for devices, monitor developments in scientific research and provide information, e.g. displaying the SAR (Specific Absorption Rate) of each device in all sales channels.

On our website, we provide useful information to our customers on how they can mitigate the potential risks of electromagnetic fields in their own environment. The website as well as our stores also provide tips on reducing exposure from mobile phones (using an earpiece, calling with a good reception, etc.). We follow up closely international research and recommendations and standards such as the World Health Organization (WHO).



Caring for our employees

- 6 Health and safety
- 7 Human capital & employee development

To make the digital future happen, we need the contribution and engagement of all our employees. That is why we commit to creating a challenging, inspiring, inclusive and safe working environment. Increasing and supporting everyone's future employability is crucial.

KPIs	Result 2019	Result 2018
Employees using latest digital tool Office 365 OneDrive	85%	79%
Employees actively looking for knowledge or people by using our enterprise social network (#WAP)	98%	96%
Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations outside the building	92.5%	90.5%
Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations within the building	91.8%	89.7%
Internal mobility	519	983
Frequency rate of occupational accidents ¹	6.51	6.8
Severity rate of occupational accidents ²	0.11	0.28

An inspiring digital workplace

We firmly believe that our employees are a valuable asset and, therefore, we work hard to promote the development of their skills and a new way of working, since we are convinced these are prerequisites to become a truly digital customer centric company.

Digital upskilling and reskilling

We are accelerating the company's digital transformation in order to stay relevant for our customers. This means that we have to change our way of working and become more flexible and lean. It also means that new digital skills are needed. This implies that some jobs will disappear, others will change and entirely new, digital roles are emerging.

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 on the impact of digital transformation, and to raise digital savviness.

1 Frequency rate (Fg) = # (accidents that people suffer at work) x 1,000,000/total number of hours worked by company employees
2 Severity rate (Eg) = # (accidents that people suffer at work) x 1,000/total number of hours worked by company employees

We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. We organize corporate programs focusing on strategic skills, giving our employees the possibility to prepare a next step or switch in their career.

In 2019 we invested EUR 34 million in employee reskilling and upskilling. Each employee followed an average of 4.7 days of training. 2,252 employees followed a training specifically to increase their digital skills. In 2020 we aim for an average of 5.5 training days per employee, which amounts to an investment of more than EUR 40 million.

Empowered organization

The workplace is changing faster than ever: job content, work environment, composition of teams, etc. To get employees on board, we provide training in hard skills and we ensure that our teamleaders have strong change-management skills. In 2019, resilience initiatives also enabled employees to better cope with the changes.

New ways of working, such as Agile and Design Thinking, promote employee autonomy and a more responsible 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 2019, 519 employees changed jobs internally.

Digital workplace

We want to create a culture where autonomous and effective collaboration take center stage 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. The adoption of O365 OneDrive



900 team leaders completed a 1-day training in change management.

amongst our employees grew from 79% in 2018 to 85% in 2019.

Investments will continue in 2020, to fully leverage the potential of autonomous and effective collaboration, notably through Microsoft Teams. Co-creation with external parties (partners, customers, suppliers) will keep on expanding too. Equally, we will continue to promote our enterprise social network as a tool allowing our employees to connect and understand what is happening at Proximus.

In 2019, we organized over 90 reverse mentoring sessions where younger colleagues trained leadership teams on digital tools, which they can then advocate to their employees.

Collaborative workplace

In 2019, we finalized the implementation of our new working environment, integrating quiet and co-creation zones. Creating a variety of workspaces was based on employee feedback. To support our employees in adopting new technology in the workplace, like videoconferencing we also launched an awareness campaign.

As diverse as our society

Our employees reflect the diversity in society. Everyone is given an equal opportunity, regardless of gender, religion, ethnicity or background. Over the past years, we have made positive changes around us and we have continued to build a more diverse and inclusive company.

We still support the #EmbraceDifference pledge, a commitment shared by top European companies to create the right environment and conditions to welcome a wide range of diverse talent from all sectors of society.

We are also engaged in building a more inclusive culture through leadership role modelling and employee engagement, as well as by embedding inclusion in relevant communications, practices and training programs that in the end will involve everybody in our company.



1,300 team leaders followed the ADKAR change management e-learning.

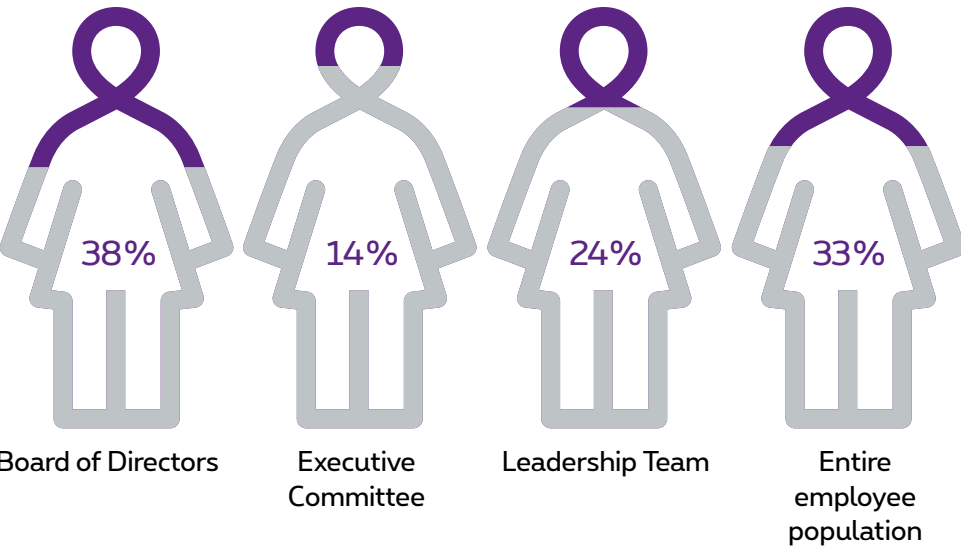
To achieve all this, we set up a strategy and translated it to an action plan which is now an integral part of Proximus' sustainability strategy. The plan defines ambitions in terms of gender inclusion, ethnicities, multigenerational inclusion and communication.

Gender inclusion

We are committed to gender equity and equal opportunities in the workplace. We believe that achieving gender equality strengthens our company, as it gives us a better understanding of the needs of our customers. This is why we focus on improving the female representation at all levels of the organization.

Proximus supports external organizations and networking activities in this domain. In 2019, two major conferences, one on diversity and inclusion and one on unconscious bias, were hosted on our premises, co-organized with Jump and Women on Board.

Female representation - end 2019



Women in Digital

As a major ICT employer in Belgium, we understand the importance of gender diversity in IT. Last year, 17.6% of the staff in our Technology Department were women, which represents a positive increase of more than 3% compared to 2018. In ICT specifically, 19% of our employees is female, representing about 173 FTEs.

Proximus ensures ad hoc presence to external events such as “Yes she can” that aims to tackle low representation of girls in STEM education. We also endorsed the initiative “She loves to code” by coding school “19”. Proximus also signed the Digital4Her declaration, a European Commission initiative to achieve gender balance in tech companies and participated in different workshops and publications.

We want to be the most active company promoting women in digital in diverse organizations via our leadership team-ambassadors. We want to ensure that in 2020, 25% of all university hires in technical domains are women.

Multiculturalism

We welcome employees from around the world and promote a culture of ethnic and cultural diversity. The Proximus Group has a very diverse workforce with 48 nationalities.



Our workforce consists of 48 nationalities.

We want to create an ethnic identity and culture where everyone feels valued as an individual, and that reflects the diversity of our customers in order to better meet their expectations. We will focus on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

We have started a partnership with KliQ in 2019, an organization with expertise in the fields of sexual diversity and gender diversity, to conduct a scan of our activities in this domain. This allowed us to analyse how we deal with diversity and inclusion within Proximus and to identify our strengths and the areas where there is room for improvement. We will align our action plan with these results in order to be as relevant as possible to the actions we will implement as from 2020.

Multigenerational inclusion

We believe that each generation brings valuable insights and perspectives to the company, and we encourage collaboration of ideas. We take action aimed at millennials, end-of-career management for those aged 55+ and the multigenerational workplace.



With people having to work longer, we put in place specific initiatives for workers aged 55+ employed in physically strenuous jobs. For example, we allow them to be retrained so they can move to another job, or offer reduced work schedules.

In collaboration with KBC, AXA and HazelHeartwood we created the initiative Experience@Work. It allows employees from the age of 55 to share their experience with other organizations, while keeping in touch with their current employer and without any changes to their contract or salary package.

Raising awareness on diversity

We want to make sure that all employees can draw from the benefits of a diverse workplace through various initiatives within our offices. To ensure an inclusive mindset, we added information on our inclusion program in all training tracks for team leaders, experts and trainees. During the welcome days for new hires, we share information on our inclusion program.

We will also focus on unconscious bias in our different initiatives, as it can lead to unintentional discrimination and be a setback in creating a truly diverse and inclusive workplace. We want to increase self-awareness around this



900 employees registered to the Start2Move Challenge.

topic and learn how to put bias aside in order to promote a neutral decision-making process. We will organize workshops in 2020 to finetune our strategy and define which concrete actions we will undertake in this matter.

In 2020 we will increase the diversity of our teams by recruiting diverse talent and being more open and non-restrictive in our communication, marketing and recruitment campaigns.

Being our best selves at work

We strive to create a positive work environment. Where people feel good and feel valued. Where working conditions are adapted to personal needs. And where employees are resilient, engaged and actively contributing to our company growth.

Work-life balance

At Proximus, social consultants and prevention advisors support employees in different domains of psychosocial wellbeing at work.

We offer our employees services such as childcare during summer and spring holidays. In 2019, 388 employees benefited from this service. We also organize a Fun Day and a Kids Party for all our employees and their families each year. 18,162 employees participated in 2019.



FeelGreat@Proximus

Since 2017, our FeelGreat@Proximus program aims to foster a culture of wellbeing. It also supports employees to improve their resilience to better deal with constant changes in the work environment. This program includes workshops, events, brochures and communication campaigns.

To further promote physical resilience, we organized nutrition workshops, in which 996 employees participated last year and 900 employees registered to the Start2Move Challenge aimed at increasing physical activity.

To enhance relational resilience in the teams, we developed FeelGreat toolboxes and provided them to 230 team leaders. In 2019, a community of 95 FeelGreat & Talent Inspirators volunteered to promote the FeelGreat program across all business units and to facilitate initiatives.

We continued our Talent Into Practice-campaign, encouraging more than 2,000 employees to fill in the talent self-test. Because employees knowing their talents and putting them into practice have more energy and it boosts their mental resilience.

Four well-being surveys were conducted in 2019 amongst 2,486 employees, to ensure that potential issues at work were detected and acted upon, and to improve work conditions.

In 2020 we will continue our focus on increasing resilience amongst our employees. We will pay particular attention to the support and motivation of our new community of FeelGreat & Talent Inspirators.



A safe and healthy work environment

We are committed to ensure that every employee is able to work in a safe and healthy way. Our “wellbeing at work”-policy provides an overview of the applicable legislation and sets out the different areas of the Wellbeing Act, in terms of safety and health prevention & protection.

Our department for Prevention and Protection (CPP) is the driving force behind Proximus’ wellbeing activities. It defines a common wellbeing policy and gives advice on all problems surrounding this topic.

All products, goods and services at Proximus need to meet the “wellbeing at work” standards. Our Wellbeing Committee is a permanent working group with representatives from management, the unions, the CPP department and occupational physicians. It takes care of topics such as personal protective equipment given to technicians, fire safety measures to protect workers, or health in the workplace. It deals with the elaboration and follow-up of the prevention and protection plans and handles aspects such as risk analysis of work places, medical surveillance personal protective equipment, fire safety measures to protect workers and the evaluation and resolution of psychological risks and issues. Additionally, local wellbeing committees discuss topics such as accidents at work, local prevention matters or respect of safety instructions. In 2019, Proximus had 66 of those committee meetings.

Each year, some themes linked to wellbeing at work are highlighted in order to reduce work-related accidents. In 2019, we communicated strongly on the topic of road safety through different initiatives like the organization of our road safety day & road safety awareness via an e-quiz in collaboration with Vias, the Belgian road safety institute.

We observed a slight decrease in the frequency rate (6.51) of work-related accidents compared to last year.

We have a medical surveillance program for our workers exposed to risks.

In 2019, we started screening new affiliates (Be-Mobile, Codit, Unbrace, ClearMedia and Davinsi Labs) with regards to safety, health, environmental and physical security compliancy. In 2020, we will take the necessary actions to improve where necessary.

In 2019, we were implementing our Global Prevention Plan by conducting a risk analysis, taking the necessary prevention and protection measures reducing work-related accidents, communicating safety instructions to employees and the safety, health and environment rules for operational departments. We also conducted a risk analysis of the new digital workplace at Proximus, a risk analysis of our new telecom equipment, a psychosocial analysis of different departments, and a fire safety analysis of different buildings and installations. In addition, we organized training sessions about fire-fighting, emergency evacuations, first aid, handling of loads and sessions on how to work on electrical installations.

Over the next 3 years, we intend to continue to implement the safety, health and environment policies. We will also review our policy on ergonomics and analyze the risks of different equipment such as our new (digital) working equipment and telecom installations and determine appropriate prevention and protection measures. In addition, we will continue to organize safety trainings using digital technology.

Ethical business conduct

4 Business conduct & Ethics

In a world of hyperconnectivity and digital interactions, making sure our actions are ethical is a point of honor to us. Compliance and business ethics are our license to operate. We will not compromise on them because they define the vital role we play in society. We constantly review our principles, policies and procedures and even go beyond what is required or expected. We expect all our employees and affiliates to share and live by our values and standards.

KPIs	Result 2019	Result 2018
Number of cases investigated by the Investigations Department for violation of policies/code of conduct	38	29
Number of whistleblowing cases	7	7

At Proximus, we put the right measures in place to avoid ethical dilemmas. First, this means having a clear governance model, described in our governance section and in accordance with the Law of 21 March 1991 on the reform of certain autonomous economic public companies (“the 1991 Law”).

Because we take business personally, we don’t just comply with the law, but we want to ensure every one of our employees is aware of the behaviors to follow and to avoid. Therefore, Proximus adopted its new Code of Conduct in 2016, applicable to all employees. So far, 93% of Proximus employees have followed mandatory training on the application of the principles of the Code of Conduct. On top of this, various internal policies guarantee responsible conduct.

Proximus revised its business expenses policy in 2019 and developed an e-learning to inform the concerned employees. 68% of the target group participated to the course.

We have anti-corruption/bribery, conflict of interest and competition policies. Corruption is a threat to business and to society in general. Our anti-corruption procedures are more than a legal obligation and an ethical duty: as a responsible company we take a firm stand against corruption and apply a practice of zero-tolerance.

Fair and open competition between companies and doing business on a level playing field is important to society and contributes to increased welfare for all. Therefore, we support fair and open competition in all our markets, with a competitiveness approach that is based on good products and services at the right price. These policies are all described, along with the responsibilities they engage for our employees, in our Code of Conduct. Firm sanctions and procedures (e.g. whistleblowing procedures) are in place to deal with any issues that might occur. In 2019, we handled 7 whistleblowing cases.

Finally, respecting human rights is a fundamental value for us. Proximus business practices can only be sustainable if we respect basic human rights and value diversity, cultural and other differences. Our Code of Conduct, values and behaviors are inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the European Convention on Human Rights and the United Nations Convention on the Rights of the Child.

Proximus is committed to creating working conditions which promote fair employment practices and where 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.

In terms of our supply chain, we apply high social and environmental standards, which are described in the section Sustainable supply chain.



Stakeholder dialogue

4 Business conduct & ethics

Our stakeholder base is broad and includes - in addition to our employees, customers and suppliers - the media, shareholders and investors, government and regulatory authorities, opinion leaders and communities.

In the past, we reached out to some of our stakeholder groups very organically, based on project or business needs. However, in 2019, we acknowledged the need to engage with them on a more structured and regular basis in order to stay relevant and to maintain our good reputation amongst our stakeholders.

Going forward, we will organize our stakeholder outreach in a more structured way:

- We will involve stakeholders on a day-to-day basis, to respond to specific demands.
- Every two years, we will invite a panel of stakeholders to discuss topics that are mutually important to address. The panel discussion will be overseen by an impartial third party and it will define points of action for Proximus.
- Every three years, we aim to conduct an in-depth survey about our reputation and develop a Materiality Matrix with all stakeholder groups, to further improve strategies. We did this in 2018, as a starting point for our new 3-year sustainability strategy.

We also set up a stakeholder policy in 2019 to engage with them through consistent assessment and proactive management based on transparency and dialogue.

Proximus is an autonomous public enterprise with the Belgian state as a majority shareholder, resulting in regular interactions with policymakers. We actively engage with decision makers on every political level and support activities which foster public debate about the consequences of a rapidly changing (digital) world. Through our membership of various (business) associations, we also engage with politicians at the Belgian and European level.

Proximus refrains from any funding of political parties, political individuals or government institutions. Management upholds strict standards on ethical and transparent behavior. In the past years, Proximus has always had the policy to approach policymakers directly.

All stakeholder group context can be found in the Transparency section.

Contributing to society

As a company, we want to contribute to society more widely than just through economic value and the employment we create. Our commitment is to contribute towards making Belgian digital society accessible to all.

We invest in education to help people gain the digital skills they need to thrive in the digital world. Therefore, we partner with schools and associations to help tackle the reskilling and upskilling challenges Belgian economy is facing. With our own initiative 'diggit', we help senior citizens to stay connected to the digital society and we promote intergenerational links.

In addition, we contribute to social initiatives in Belgium and strongly invest in the local media, sports and movie industries as well as cultural events.





Education of both young and old

2 Connectivity and digital inclusion

Our education initiatives focus on job seekers, school pupils and seniors.

KPI	Result 2019	Result 2018
Number of job seekers supported by our initiatives	862	404

MolenGeek

After having run our Digitalent program for 4 years, we decided to adopt an ecosystem approach in our educational efforts, working in partnership rather than alone. By leveraging initiatives that have the same ambition, we create more impact.

In the autumn of 2019, we signed a partnership with MolenGeek. This association allows less-privileged job seekers with an entrepreneurial mindset to discover the opportunities of the new digital world. The youngsters follow an intensive six-month training course at the Coding School, allowing them to start as web developers.

At the end of 2019, we took part in the MolenGeek Makers Weekend. Close to 100 youngsters gathered during this hackathon, to develop everyday objects that simplify our lives based on new technologies like the Internet of Things.

MolenGeek is very complementary to School 19, the other education project that we support.



Technobel

We are a founder and long-term partner of Technobel, a competence center in Wallonia. Technobel offers ICT training courses to job seekers as well as information and sensibilization initiatives for citizens, schools and professionals. Students can validate their skills through an official certification: (Apple, Microsoft, Cisco, Huawei, Juniper, etc.). In their Lego Education Innovation Studio, Technobel trains children to attend the First Lego League.

In 2019, Proximus SpearIT started a collaboration with Technobel to guide people with a passion for technology to a career switch and become an IT security specialist.

Technobel finished second in the Innovative VET provider Award, a recognition from the European Commission for Vocational Education and Training excellence through innovative practices.

For 2020, Technobel wants to maintain its place as a benchmark training center in Europe, develop its entrepreneurial ecosystem and its organizational structure to be an active and responsible player in the light of today's ecological challenges.



School 19

Proximus is one of the founding partners of 19, the first free Belgian coding school. 19 is an innovative way of learning: there is no tuition fee and education takes place without a teacher. In 2019, 331 students took part in this innovative learning system.

19 also launched the 'She loves to code' initiative to attract more women to follow its coding courses. In 2019, we welcomed four interns from 19 at Proximus. They worked on data analytics and web development projects.

In 2020, 19 will join the Digital Campus of BeCentral and will be able to accommodate up to 750 students, compared to 450 in 2019.

Our objective is to encourage even more applicants and to make sure job seekers, especially women, benefit from this new way of learning. Last year, 19 won the Internet users' prize in the category "Schools of tomorrow" at the Victor Awards.

Sharing is Caring



diggit: seniors going digital

Web Experts was launched in 2011 to familiarize older people with the Internet. Thanks to this project, we trained a total of 5,000 senior citizens in collaboration with 3,000 children.

To keep up with today's digital reality we have greatly revamped our Web Experts program, resulting in a new approach and a new name: diggit.

Diggit is the Proximus educational project for children to help the elderly go digital. Through this initiative, we bring generations closer to each other and allow digital natives to share their experience with older people in a playful way. Proximus encourages all teachers and their pupils in Belgium to take an active part in diggit. Our ambition for 2020 is to train 1,000 senior citizens.



Digital accessible to everyone

2 Connectivity and digital inclusion

Proximus is committed to making technologies accessible to everyone, regardless of physical abilities, economic background, cultural origin, education or age.

KPI	Result 2019	Result 2018
Percentage of accessible tested devices (at least for 1 disability category)	100%	91%

Devices

We test the accessibility of new smartphones and tablets with the Passe Muraille association. Through their independent panel of disabled people, they guarantee that our devices meet everyone’s needs. Our online catalog contains information about devices adapted to users with a disability; we use specific icons to make it easy to identify accessible devices.

In 2019, 9 new devices were tested (vs 11 in 2018) before proposing them as part of our offer.

Digital platforms

We offer subtitles and audio description on a number of channels on Proximus TV for people with a hearing or visual impairment. We will extend this functionality to other channels and to programs in our video-on-demand catalog. By 2024, 25% of programs in this catalog will have an audio description and 25% will have subtitles.

We will improve the accessibility of our websites and apps for disabled people respectively by September 2020 and June 2021 at the latest.

Everyone connected

Proximus makes important investments in improving connectivity in rural and white zones (see section “Enabling a better digital life”). We also accelerated the roll-out of fiber, bringing faster Internet to industrial areas and the centers of cities and municipalities. In this way, we offer all citizens and companies access to the networks of the future.

For people in difficult economic situations, we offer social tariffs. In 2019, 184,291 people benefited from one or more social tariffs granted on social or humanitarian grounds.

Then, there is the Scarlet brand for customers on a budget. Scarlet wants to make telecom services accessible to everyone in Belgium. Its ambition is to always give the best offer at the lowest price. In 2019, Scarlet simplified its portfolio, increased the data allowance in its mobile subscription “Scarlet Hot” and decreased the price of “Scarlet Loco”.

Social engagement

2 Connectivity and digital inclusion

As a company strongly rooted in Belgium, we want to give back to society concretely and directly. We do this by supporting national projects as well as local initiatives close to Proximus offices.

KPI	Result 2019	Result 2018
Number of children with a long-term illness connected to their school by Bednet and Take Off	1,164	> 1,000

Bednet and Take Off

We are a proud partner of Bednet in Dutch-speaking schools and Take Off in French-speaking schools. These associations allow children suffering from a long-term illness to be schooled at home or at the hospital thanks to videoconferencing solutions. We support them by providing Internet connection and financial aid. In 2019, Bednet and Take Off helped 1,164 children.

We are committed to further help these organizations develop their projects. In 2020, Bednet plans to assist 1,000 children and Take Off 100 children.

Further initiatives

In 2019, we participated in solidarity campaigns of our partner Be.Face, including a large-scale collection of warm clothing and food for the homeless. In collaboration with NGOs and humanitarian organizations, we installed free Wi-Fi in places where refugees and migrants can stay.

Then, we continued our support to Télévie, CAP48 and the Belgian Paralympic Committee. As a proud partner of the Paralympic Team Belgium, we actively support the athletes preparing for the 2020 Tokyo Paralympic Games.

We supported 15 social initiatives by employees in 2019, by giving them visibility in our offices. We also collaborated with the Red Cross and 545 Proximus employees donated blood in 2019 (compared to 244 in 2018).





Fans of Belgian culture

2 Connectivity and digital inclusion

Proximus provides strong support to Belgian local culture, sports and the media landscape.

KPIs	Result 2019	Result 2018
Unique reach of music and sports content on Proximus platforms	5.8 Mio	approx. 5 Mio
Unique reach of sponsoring events	approx. 3 Mio	approx. 2.5 Mio



We are a loyal partner of the largest Belgian summer festivals.

Music

Proximus has been a loyal partner of the largest Belgian summer festivals for many years. We sponsor a wide range of local events: Rock Werchter, Les Ardentes, Dour, Pukkelpop, Tomorrowland and the Francofolies. They are a perfect opportunity to engage with our audience.

This year, the collaboration was further strengthened with live broadcasting of most of the concerts at three summer festivals. During Rock Werchter for example, Proximus was able to offer its TV customers high-quality programming, available on their TV screen at home, on a laptop or on mobile.

In 2019, we have partnered with Tomorrowland, the world-renowned Belgian electronic dance music festival, and with the public broadcaster VRT for the MIA's, the Music Industry Awards.

In 2019, we reached 3.1 million unique visitors via our Proximus music platforms. Music lovers could watch live streaming of festivals, on-demand concerts and special reports (60% more than in 2018); 53,000 customers and prospects participated in our contest to win tickets, and 164,000 people visited our booth at the festivals.

Last year, we successfully continued our partnerships with the opera house La Monnaie and with Bozar, the Centre for Fine Arts in Brussels. Proximus is also the partner of the Queen Elisabeth Music Chapel, supporting talented young musicians from all over the world, and the renowned Queen Elisabeth Competition. By sponsoring the Klara festival (VRT) and Musiq'3 Festival (RTBF), Proximus aids in making classical music accessible to a wider audience.

Sport

Football

Since many years Proximus sponsors three Pro League clubs: Club Brugge, RSC Anderlecht and Sporting de Charleroi, reaching about 1 million active football fans. Proximus is also the main sponsor of the First Division B football competition. We are also a proud sponsor of the Red Devils.

Through our partnership with the Royal Belgian Football Association we support the "Nobody Offside" initiative to promote football for disabled people since 2017.

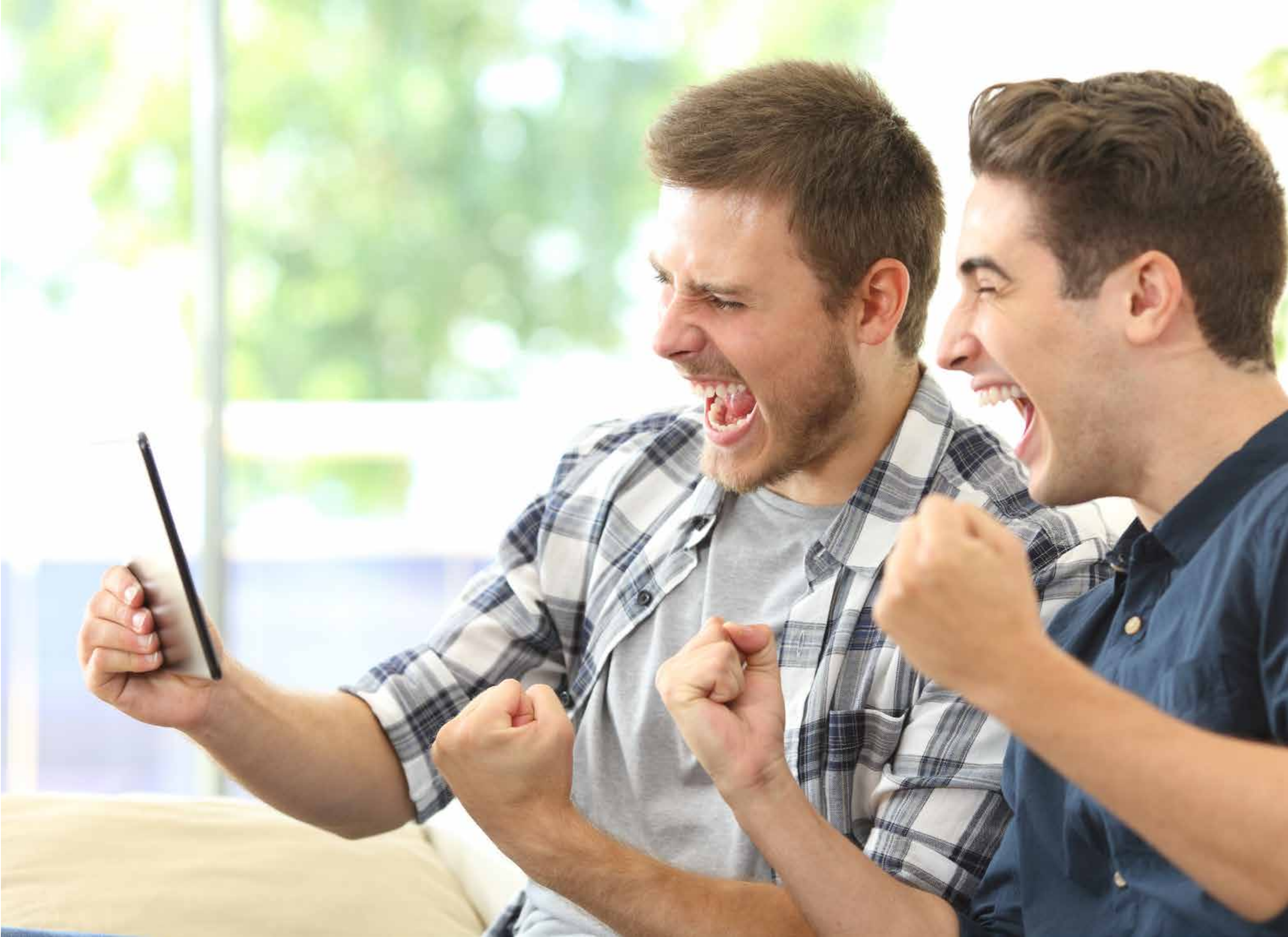
Proximus promotes both amateur and professional esports in Belgium through three official leagues with strategic partners such as ESL (Electronic Sports League) and the Pro League, incorporating esports content on its platforms and by sponsoring existing local competitions.

Cycling

We are still the main sponsor of Flanders Classics, the six most important cycling races in Flanders. We reinforced the Proximus Cycling Challenge by offering sixteen high-quality cycling races in Belgium, reaching about 34,000 amateur cyclists. Proximus remains a partner of the DVV Trophy cyclocross races.

Supporting women and youth

As an active sponsor of sports in Belgium, we pay special attention to supporting promising young sportsmen and sportswomen. We are convinced that, through our commitment, we can increase professionalism in women's sports and help young sportsmen develop into top athletes.





With Smart Ads we offer our customers personalized ads on TV.

Funding projects for the new Proximus Alphamotorhomes Cycling Team, the Red Flames and the "World At Our Feet Plan", a Royal Belgian Football Association-program to boost and further professionalize women's football, all fit into this ambition. We also pay extra attention to the women's cycling races on our Proximus platforms.

In the coming years, we will continue to actively sponsor sports. We will do this amongst others by ensuring that content can easily be shared and watched in Belgium on our platforms and we will fund more local events as well. The focus will remain on football and cycling, with particular attention to women's and youth sports.

Media

Our focus on media continues to intensify. While the presence of international players is increasing, we continue to invest in experience and in the content we distribute on our platforms.

As a major distributor in Belgium, we offer customers access to local and international TV channels and radio stations. We distribute over 85 TV channels and 25 radio channels as part of our basic offer in Belgium.

In June 2019, Proximus launched Proximus Pickx a new TV interface and an innovative content platform. Proximus Pickx is accessible to all Proximus TV customers on all screens, as well as to prospects on the web. Proximus Pickx enhances free and paid content consumption thanks to best-in-class user experience and user interface, personalized recommendation and strong editorial highlights of local content in French and Dutch.

The Proximus Pickx platform also supports Smart Ads, offering customers personalized advertisements on TV. With this initiative we empower the Belgian media industry as it will contribute to maintain advertising investments in the Belgian economy and divert foreign investments.

We support the local Belgian audio-visual industry through co-productions and tax shelter. In 2019, this was an investment of close to EUR 3 million (e.g. Undercover 2, Le Domestique, De Slag om de Schelde). In 2020, several of these productions will be released in both the Dutch and French-speaking parts of the country.

Proximus Art Collection

With our Proximus Art Collection, we want to integrate contemporary art into the work environment. The collection of this non-profit organization counts 123 artists and 600 contemporary works of art.

Since Proximus is a Belgian company, special attention is paid to Belgian artists who, through the quality of their work, can be integrated in the collection.

The collection, started in 1996, is exhibited in the meeting rooms, offices and entrances of our buildings. To share this collection with visitors and our employees, we organized 48 guided tours and conferences in 2019 (compared to 27 in 2018).

In 2019, we also published the book "Architecture du téléphone", that gives an overview of the evolution of telecommunications and its influence on buildings and architecture through historical photos and archive documents.





Respecting our planet

Climate change is one of the most pressing issues of our time and a major societal concern. Our ambition is to be a leading company in addressing climate change and we are committed to further reduce our negative environmental impact. We do this by extending our CO₂ neutral ambition to a net positive and by becoming a truly circular company.

To contribute to the global efforts in tackling climate change, we developed a new 'green' strategy. This strategy that was presented to the Board of Directors of Proximus, relies on a clear vision and goals based on three pillars: carbon neutrality, a circular economy and a sustainable supply chain. An update of the strategy and the results are reported annually to the Board.



Proud to be CO₂ neutral

3 Sustainability, energy and circular economy

Our journey to become a more sustainable, green company, has so far been focused on becoming CO₂ neutral. With success, because we have reached a world-leading position. We will increase our efforts to further reduce CO₂ emissions and maintain our pole position while raising our ambition towards a net positive contribution in the years to come.

KPIs	Result 2019	Result 2018
Carbon emissions 1+2 ¹ compared to previous year	-5%	-16%
Carbon neutrality level for own operations and business travel	100%	100%
Energy consumption compared to 2008	-30%	-27%
Electricity consumed from renewable energy sources	100%	99%

Strong carbon achievements

We have already made impressive progress to reduce our CO₂ footprint. Between 2007-2015, we have reduced CO₂ emissions by 70%. Since 2016, we are a CO₂ neutral company for the activities we control directly. The most important contributors are transport (thanks to greener cars and mobility plans) and heating (thanks to the replacement of fossil fuel heating and the outphasing and optimization of buildings).

1 The methodology and detailed figures can be found in the chapters “Transparency” and “Environmental figures”.

A major achievement is the reduction of our energy consumption by 30% over the past ten years, making Proximus one of the very few telecom companies worldwide who have made this effort. Today, we also purchase 100% of the electricity we use from renewable sources.

The CO₂ emissions related to our own activities and business travel that we cannot reduce yet, 38,784 tons in 2019, are compensated with Gold Standard projects that fight global warming.

In 2019 we reached the leadership level in the CDP Climate Change 2019 ranking with an A- score.

Aiming to further reduce CO₂ emissions

We are looking further ahead and have raised our ambitions to significantly reduce CO₂ emissions. Proximus is amongst the 312 companies worldwide with an approved science-based target (SBT) for CO₂ emissions, aimed at thoroughly reducing their carbon footprint. These are our CO₂ emissions reduction goals:

- own emissions: -30% between 2015-2025;
- indirect emissions: -10% between 2014-2025, and -50% between 2014-2040.

Multiple initiatives will help us to achieve these very ambitious targets:

- further renewal of our network towards a much greener fiber fixed network and optimization of our mobile network;
- making our fleet green and improving logistics processes with lower-carbon options;
- office-building optimization, energy efficiency improvement of end-user devices and carbon footprint reductions of procured products and services.

100%

of the electricity we use comes from renewable energy sources.

We are well on track to reach -30% of own emissions four years earlier than planned, by 2021. Our carbon emissions fell by 5% in 2019 compared to 2018. We are, for example, drastically reducing the journeys made by technicians through virtualization and remote installation, maintenance and repair technologies.

In 2019, Proximus signed the “Green Deal Sustainable Urban Logistics”. This initiative from the Flemish government aims to make deliveries in cities efficient and emission-free. In the city centres of Antwerp and Ghent, we have replaced classic city distribution to our shops with a delivery by bicycle couriers. We also started a pilot project in Brussels to jointly deliver both our own goods and those for L’Oréal to the respective shops in the city centre. This project will show to what extent such a partnership for urban distribution is feasible with the ambition to copy good practices to other cities in 2020.

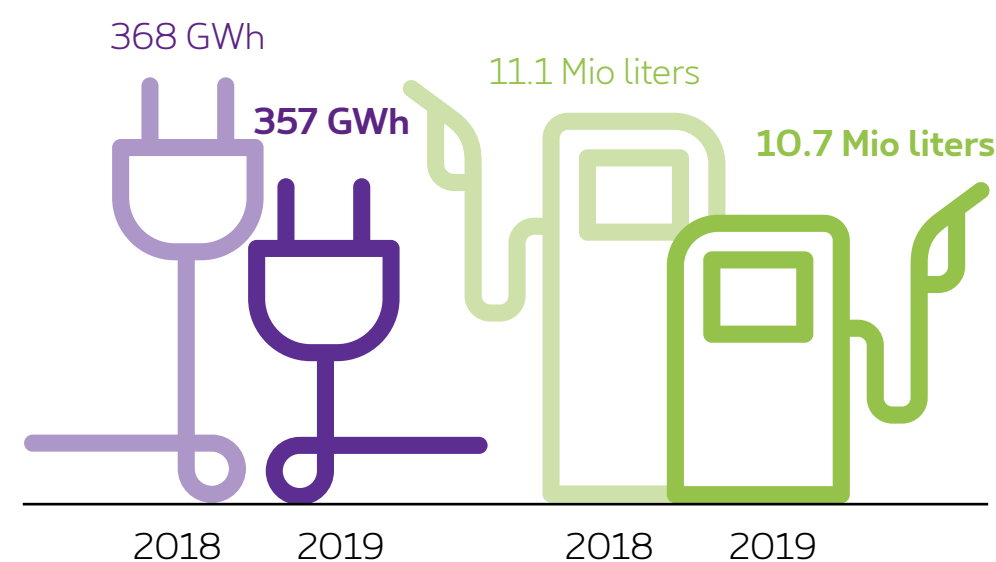
Reaching our targets for indirect emissions is more challenging as their volume represents 20 times our own operations’ emissions. It will require an extra effort for our vendors, subcontractors and affiliates to reduce energy consumption and to improve the energy efficiency of our products and solutions towards residential and enterprise customers.

Strong energy reduction performance

Managing energy consumption will be of major importance to meet our carbon targets in the next decade. We have been effectively managing power consumption, and we reduced our fossil fuel consumption drastically.

We reached a 30% energy reduction over the last ten years thanks to many efficiency programmes:

- we consumed 357 GWh electricity in 2019, saving 11 GWh compared to previous year;
- we consumed 10,700,346 liters of fossil fuel in 2019, saving 418,543 liters compared to 2018.



We will further reduce our total energy consumption by 8% in 2019-2021 through, among other things: closing technical buildings, developing a power-fit network, free air cooling and green fleet transition.

Our network and building simplification programs combined with the legacy hardware phase out continues to drive a saving of 3.99 GWh electricity. A special taskforce was set to

further continue with our energy efficiency ongoing actions and to lead specific studies with experts about alternative renewable energy sources.

For the years to come, also considering the 5G roll-out, keeping energy consumption under control is what we aim for. We will take initiatives to further decrease our consumption, evaluate our electricity purchase strategy and increase the visibility and predictability of the electricity consumption of our power plants and buildings. To achieve this we will take advantage of the most effective industry evolutions and use technologies like artificial intelligence.

More renewable energy sources

100% of the electricity we procure comes from renewable energy sources but we are also aiming to make our energy genuinely greener by, among other things, producing our own green energy.

Climate change is a global challenge that needs a concerted effort. As a member of the RE100, we are collaborating with other companies committed to 100% renewable power.

Green mobility for our employees

Transportation represents more than 60% of our direct carbon footprint and 21% of our energy consumption. We want to reduce this impact by offering our employees a mobility budget to encourage them to shift to public transport.

In 2019, 2,025 employees opted for commuting solutions instead of a parking spot. Our employees can also make use of telecom solutions to facilitate teleworking and work from home. We gradually shift to carbon-friendly or carbon-

neutral offices (close to public transport stations) and to more carbon-friendly vehicles.

Reducing Proximus CO₂ footprint

Technologies and insights with regards to powering and cooling telecom equipment are evolving: more efficient rectifiers, full Free Air cooling or pumps with variable speed and power, etc. We install this newer equipment when the old one needs replacing and constantly realign bad performers.

We are successfully rolling out our Mantra+ project to simplify our network by replacing old technical buildings with an innovative new concept of less energy-consuming containers.

Helping our customers to reduce their CO₂ footprint

We are not only working hard to reduce our own CO₂ emissions; we want to help our customers to reduce theirs too. We help them reduce their impact on the environment by maintaining a sound balance between ensuring a long life for our TV decoders and modems (we refurbished 336,000 modems and decoders in 2019) and by rolling out more energy-efficient devices. The target was to reduce our average consumption by 50% and we achieved this in 2019. Our decoder model V6 is 45% more efficient than the previous one.

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.



Committed to the circular economy

3 Sustainability, energy and circular economy

The current economic system of “take, make, waste” has reached its limits. We want to contribute to shifting towards a more circular economy, requiring fewer resources and producing less waste.

KPIs	Result 2019	Result 2018
Percentage of waste recycled, reused or composted	87%	87%
Collected mobile phones	31,475	18,279
Refurbished modems and TV decoders	336,000	405,544

Wide range of ongoing circular projects

Many initiatives towards becoming a circular company are already in place. However, with our new strategy and action plan we will be able to fully incorporate the principals behind the circular economy as part of our business processes.

Different initiatives on waste separation & prevention, recycling of used material (e.g. copper), Green Last Mile Delivery and creating circular criteria for procurement are being explored or implemented.

Our activities in Belgium in 2019 generated 13,629 tons of waste, including 13% residual waste that was converted into electricity and heat energy in waste treatment facilities. The remaining 87% was recycled, reused or reprocessed. We have set clear goals on our future waste management and we intend to recycle as much as 90% by 2025.

The MIDAS project, which has been running for several years, is aimed at recycling as many valuable resources as possible from network installations. Last year, more than 680 tons of copper cable were recovered and thousands of tons of electronic equipment were recycled. Through these activities, we bring valuable metals back into business.

We also run an initiative in our shops and in schools to recycle mobile phones. In schools, we work with GoodPlanet Belgium to collect old devices to be recycled and we reward the schools with refurbished computers. In 2019, we recycled 31,475 mobile phones in schools and shops and rewarded schools with 189 refurbished laptops, desktops or tablets. In total, we want to collect 100,000 old phones in 2020.

We offer the GoodSchool DigiTool to schools. This innovative survey system collects data on waste, mobility, food and/or energy. The tool was designed by GoodPlanet and Proximus, using our Internet of Things technology. Teachers and pupils can collect data together, analyze them and set up sustainable initiatives tailored to the school.

More than
336,000
refurbished modems
and TV decoders.

To apply or facilitate circular purchasing, we endorse the Green Deal Circular Purchasing of Flanders since 2017 and the Green Deal Circular Purchasing of Wallonia since 2019.

- We are also exploring new initiatives, such as:
- creating awareness on circular economy among our customers (in-store and online);
 - integrating circular criteria in business and cost-related decisions;
 - showing how our Smart Solutions, Internet of Things, cloud and As-a-Service offering can help our enterprise customers in their ambitions to accelerate towards circularity.

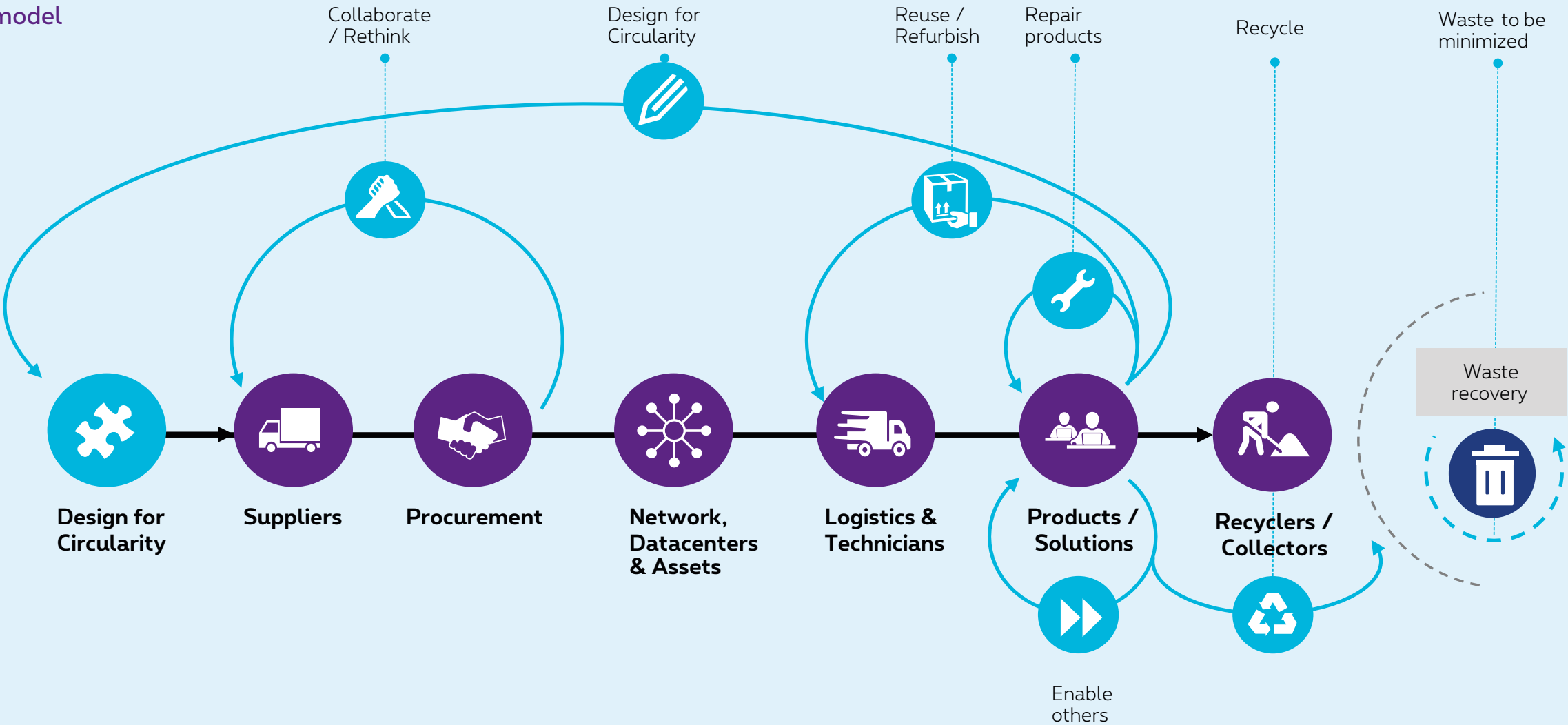
Truly circular by 2030

We are committed to play an active role in the transition to a circular economy, both in-house and together with our customers. Even though Proximus is in essence a service company, the services we offer are resource and carbon-intensive. In addition, we have many touchpoints with customers that can be used to inform a broad public and to positively change behavior.

As a responsible telecom player, we make efforts to reduce waste and recycle resources, and we will continue to do whatever it takes to accelerate the transition from a linear to a truly circular company by 2030. We want to integrate circularity in our business processes and enable our stakeholders to accelerate towards circularity.

To meet this ambition, in 2019 a circular economy strategy and a circular economy model, visualizing our efforts, were developed.

Proximus circular economy model



Our main circular strategy initiatives will be centred around ten customer and employee touchpoints:

- 1 Mobile devices: improve return, refurbishment and recycling.
- 2 Webshop: nudging our customers to make more circular decisions.
- 3 Decoder/modem: circular design of the new models and refurbishment of current models.
- 4 Fleet: gradually change company and utility cars to green mobility.
- 5 Packaging: moving towards circular packaging and reduction of materials.
- 6 Digitization: striving for a paperless customer interaction.
- 7 Technical visits: use home visits to inform our customers on how to use our products in a more circular way.
- 8 Office waste: moving towards separate collection and zero waste.
- 9 Proximus stores: showcasing circular products.
- 10 Enterprise customers: raise awareness and develop services to help companies accelerate towards a circular economy.

We will also focus on four key programs that have an important environmental impact:

- move to circular datacentres in the future;
- green network: aim for 100% recycling rates and reducing the amount of waste;
- CO₂ neutral supply chain: become the first CO₂ neutral supply chain in Belgium by 2030;
- ensure the transition to circular procurement.

In 2020, we will kick off our new circular strategy and set up an ambitious circularity program, further develop our roadmap with a detailed action plan, follow up the deliveries and define absolute targets to measure our progress.

Committed to a sustainable supply chain

13 Sustainable supply chain

If we want to tackle climate change, we need everyone to do their part. As a company with over 4,000 suppliers, we are taking our responsibility in building a sustainable supply chain. By working closely with our suppliers and setting strict sustainability standards and clauses, we can further reduce our impact and contribute to a better world.

KPIs	Result 2019	Result 2018
Percentage of suppliers screened using social criteria (incl. working conditions, human rights, etc.) who received a Silver or Gold recognition level ¹	85%	87%
Percentage of suppliers screened using environmental criteria who received a Silver or Gold recognition level ¹	75%	83%



100% contracts with CSR clause.

1. Based on the EcoVadis assessment.

Teaming up with our suppliers

Proximus is seen as a best practice company in managing the Corporate social responsibility (CSR) risks of our vendors. In 2019, the international non-profit organization CDP has included Proximus in its "Supplier Engagement Leader Board".

Today 100% of our contracts have a CSR clause on social, ethical and environmental standards for our vendors. We have a leading position in EcoVadis (supplier sustainability ratings) and JAC (Joint Audit Cooperation, CSR assessment of suppliers in IT) with risk audits, assessments and scorecards of vendors.

Together with our suppliers, we strive to improve social and environmental (SE) standards throughout the supply chain. This can be achieved by raising the suppliers' SE performance and improving their supply chain management, while also increasing our own efficiency.

We integrate SE standards on child labor, forced labor, health and safety legislation and protection of the environment into our purchasing processes. By so doing, we improve our brand image and improve the communities in which our suppliers operate.

Those standards serve as a supplier selection criteria and are included in all contracts through our CSR clause. On a recurrent basis, our suppliers are asked to participate in an EcoVadis assessment. In 2019, scorecards were compiled for suppliers representing 32% of the total purchase amount. In 2019, a Silver or Gold EcoVadis recognition level was awarded to 85% (87% in 2018) of 143 suppliers assessed against various social criteria, and 75% (83% in 2018) against environmental criteria. Since 2018, Proximus itself has been awarded the EcoVadis Gold label.



In our sourcing methodology for products and services, we introduced new standards for circular sourcing, focusing on standardization, reuse, refurbishing, recycling and avoiding virgin materials.

Proximus is a member of the Joint Audit Cooperation (JAC), together with 16 other telecom operators representing over 50% of worldwide telecom turnover. In 2019, 84 on-site worldwide company audits were conducted in collaboration with JAC each of them resulting in an effective improvement or an action plan. Proximus conducted 5 audits out of 84 in 2019. We will audit 5 other suppliers in 2020. In 2020,

every new supplier will have to complete a survey and reach a predefined level of compliance.

We will further raise the importance of sustainability. With that goal in mind, we will continue the implementation of EcoVadis and JAC standards, by focusing on the circular economy in our use of products and by reducing the carbon footprint of procured goods.

By 2021, we want to evolve from a company committed to CSR and Sustainability to a company that is truly using CSR and Sustainability as key differentiators in its choices of suppliers and in its activities.



Governance and compliance, safeguarding long-term value

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Corporate governance statement

Corporate governance aims to define a set of rules and behaviors according to which companies are properly managed and controlled, with the objective of increasing transparency. It is a system of checks and balances between the shareholders, the Board of Directors, the Chief Executive Officer and the Executive Committee. Proximus is committed to comply with the legal and regulatory obligations and best practices.

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 dilemmas and we put the right measures in place to ensure our business is conducted ethically. This first 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 the 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 ("the 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 (formerly Strategic & Business Development 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).

We not only follow the law but want to ensure every one of our collaborators is aware of the behaviors to follow and to avoid. Therefore, Proximus adopted its new Code of Conduct in 2016, 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 their business ethically.

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, the maximum term for independent Directors is limited to twelve years.

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 Belgian State

Name	Age	Position	Term
Stefaan De Clerck ¹	68	Chairman	2013 - 2019
Guillaume Boutin ⁴	45	Chief Executive Officer	2019 - 2020
Dominique Leroy ²	55	Chief Executive Officer	2014 - 2019
Karel De Gucht	66	Director	2015 - 2021
Martine Durez ¹	69	Director	1994 - 2019
Laurent Levaux ¹⁻³	64	Director	2013 - 2019
Isabelle Santens ¹	60	Director	2013 - 2019
Paul Van de Perre ¹	67	Director	1994 - 2019

Members of the Board of Directors appointed by the General Shareholders’ Meeting

Name	Age	Position	Term
Pierre Demuelenaere	61	Independent Director	2011 - 2021
Guido J.M. Demuynck ⁵	69	Independent Director	2007 - 2019
Martin De Prycker ⁶	65	Independent Director	2015 - 2023
Tanuja Randery ⁷	53	Independent Director	2016 - 2019
Catherine Rutten ⁸	51	Independent Director	2019 - 2023
Joachim Sonne ⁹	45	Independent Director	2019 - 2020
Agnès Touraine	65	Independent Director	2014 - 2022
Catherine Vandenborre	49	Independent Director	2014 - 2022
Luc Van den hove	60	Independent Director	2016 - 2020

1 by decision of 29 July 2019 the Board of Directors co-opted these members until the AGM to be held on 15 April 2020

2 until 20 September 2019

3 until 16 October 2019

4 by decision of 12 December 2019 the Board of Directors co-opted this member until the AGM to be held on 15 April 2020

5 end of mandate on 17 April 2019

6 reappointed on 17 April 2019

7 until 31 May 2019

8 appointed on 17 April 2019

9 by decision of 29 July 2019 the Board of Directors co-opted this member until the AGM to be held on 15 April 2020

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 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 provisions of article 7:87 of the Belgian Code of Companies and Associations.



Committees of the Board of Directors

Proximus has an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Transformation & Innovation Committee (formerly Strategic & Business Development Committee).

Audit & Compliance Committee

The Audit & Compliance Committee (ACC) consists of five non-executive Directors, the majority of whom are independent. In line with its Charter, the Committee is chaired by an independent Director.

The Audit & Compliance Committee’s role is to assist and advise the Board of Directors in its oversight of:

- The financial reporting process
- Efficiency of the systems for internal control and risk management of the company
- The company’s internal audit function and its efficiency
- The quality, integrity and legal control of the statutory and the consolidated annual accounts and the financial statements of the company, including the follow-up of questions and recommendations made by the auditors
- The relationship with the company’s auditors and the assessment & monitoring of the independence of the auditors
- The company’s compliance with legal and regulatory requirements
- Compliance within the company with the company’s Code of Conduct and the Dealing Code.

The Audit & Compliance Committee meets at least once every quarter.

The members of the Audit & Compliance Committee are: Mrs. Catherine Vandendorre (Chairwoman as of 17 April 2019), Messrs. Guido J.M. Demuyne (Chairman, until 17 April 2019), Stefaan De Clerck, Pierre Demuelenaere, Paul Van de Perre, Joachim Sonne (as of 19 September 2019) and Mrs. Catherine Rutten (as of 2 May 2019).

A majority of the members of the Audit & Compliance Committee have 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. Mr. Paul Van de Perre holds a Master’s degree in Economics and several postgraduate degrees. The Chairwoman and the majority of the members exercised several Board or executive mandates in large Belgian or international companies.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) consists of five Directors, the majority of whom are independent. In line with its Charter, this Committee is chaired by the Chairman of the Board of Directors, who is an ex-officio member.

The Nomination & Remuneration Committee's role is to assist and advise the Board of Directors regarding:

- The nomination of candidates for appointment to the Board of Directors and the Board Committees
- The appointment of the CEO and of the members of the Executive Committee on proposal of the CEO
- The appointment of the Secretary General
- The remuneration of the members of the Board of Directors and the Board Committees
- The remuneration of the CEO and members of the Executive Committee
- The annual review of the remuneration concept and strategy for all personnel, and specifically the compensation packages of the Leadership Team
- The oversight of the decisions of the CEO with respect to the appointment, the dismissal and the compensation of Management
- The preparation of the Remuneration report and the presentation of that report at the Annual General Shareholders' Meeting
- Corporate governance matters.

The Nomination & Remuneration Committee meets at least four times per year.

At the beginning of each year, the Committee reviews the performance, budgets for pay-out of bonuses and merits, and long-term and short-term incentive plans. At that

meeting, the concept and strategy of the remuneration policy is also discussed. The Committee determines the performance measurement targets of the CEO and the members of the Executive Committee through Key Performance Indicators.

The members of the Nomination & Remuneration Committee are: Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere, Guido J.M. Demuynck (until 17 April 2019), Martin De Prycker, Luc Van den hove (as of 19 September 2019) and Mrs. Martine Durez.

Transformation & Innovation Committee (formerly Strategic & Business Development Committee)

The Transformation & Innovation Committee (TIC) consists of a maximum of six Directors. In line with its Charter, the Chairman of the Board of Directors is ex-officio member, and the Committee is chaired by the Chairman of the Board of Directors. Three members are appointed among the independent Directors.

The Transformation and Innovation Committee is a permanent committee of the Board, discussing those selected files that need preparatory reflection and need to mature before being brought to the Board for decision. The topics discussed at the Transformation and Innovation Committee may be of diverse nature and will evolve overtime depending on the company's needs and could deal with matters concerning a.o. technology, network, branding/marketing, transformation, HR skills, digitalization... If appropriate, the Board of Directors can decide on establishing a special ad hoc Committee, dealing with a specific subject and composed of members with the appropriate experience.

The members of the Transformation & Innovation Committee are: Messrs. Stefaan De Clerck (Chairman), Karel De Gucht, Martin De Prycker, Luc Van den hove, Mrs. Tanuja Randery (until 31 May 2019) and Mrs. Agnès Touraine.

Deviation from the 2020 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 their 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.





Conflict of 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.

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.

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mrs. D. Leroy, declared during the Board of Directors of 28 February 2019 to have a conflict of interest in connection with her performance evaluation for 2018, item on the agenda of that Board meeting.

In accordance with article 7:96 of the Belgian Code of Companies and Associations, Board members Stefaan De Clerck, Martine Durez, Laurent Levaux, Isabelle Santens and Paul Van de Perre declared during the Board of Directors of 29 July 2019 to have a conflict of interest in connection with their co-optation until the annual general meeting of April 2020, item on the agenda of that Board meeting.

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO Dominique Leroy informed the Board of 14 September 2019 to have a conflict of interest in connection with the CEO item on the agenda of that Board meeting.

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.

Activities Report of the Board and Committee meetings

In 2019, ten meetings of the Board of Directors were held, five meetings of the Audit & Compliance Committee, nine of the Nomination & Remuneration Committee and two of the Transformation & Innovation Committee.

A list with the attendance of the members is included in the Remuneration report.

Insider trading and market manipulation (market abuse)

In order to comply with legislation on insider trading and market manipulation, Proximus adopted a Dealing Code prior to the Initial Public Offering. This Code aims to create awareness about possible improper conduct by employees, officers and Directors and possible sanctions. This Dealing Code has been widely communicated and is available to all employees. A list of key persons is kept, and all Directors and key employees were requested to sign an affidavit that they had read, understood and agreed to comply with the Dealing Code. Closed periods (including prohibited periods) are defined and any deal must be communicated to and cleared by the Director Internal Audit & Risk Management before transaction (see “Compliance” section).

Evaluation of the Board

As a result of the latest evaluation, the Board reflected on the role of the ‘Strategic and Business Development Committee’ and decided to change this as of 2018 into a ‘Transformation & Innovation Committee’, which is a permanent committee of the Board, discussing those selected files of diverse nature that need preparatory reflection and need to mature before being brought to the Board for decision. This Committee will be convened at the request of the Chairman or the Board whenever required by the interest of the company.

The Board of Directors will decide after the General Shareholders Meeting of 2020 on the organization of a new external evaluation..

Executive Committee Chief Executive Officer

The mandate of Mrs. Dominique Leroy ended on 20 September 2019.

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 Board of Directors also co-opted on 12 December 2019 Mr. Guillaume Boutin as member of the Board until the next AGM.

Executive Committee members

The members of the Executive Committee are appointed and dismissed by the Board of Directors at the proposal of the CEO, after consultation of the Nomination & Remuneration Committee.

The powers of the Executive Committee are determined by the CEO. The Executive Committee’s role is to assist the CEO in the exercise of his duties.

The Executive Committee aims to decide by consensus, but in the event of disagreement, the view of the CEO will prevail. The Executive Committee generally meets on a weekly basis.

In 2019, the Executive Committee, in addition to the CEO, was composed of the following members:

Name	Age	Position
Guillaume Boutin ¹	45	Chief Consumer Market Officer
Sandrine Dufour	53	Chief Financial Officer
Dirk Lybaert	59	Chief Corporate Affairs Officer and Secretary General
Geert Standaert	49	Chief Technology Officer
Renaud Tilmans	51	Chief Customer Operations Officer
Jan Van Acoleyen	57	Chief Human Resources Officer
Bart Van Den Meersche	62	Chief Enterprise Market Officer

1 Chief Consumer Market Officer until 1 December 2019

Board of Auditors

Composition

The Board of Auditors of the company is composed as follows:

- Deloitte Auditors SC sfd SCRL, represented by Mr. Geert Verstraeten also Chairman of the Board of Auditors
- Mr. Jan Debucquoy, Member of the Court of Auditors
- Mr. Pierre Rion, Member of the Court of Auditors
- CDP Petit & Co SPRL, represented by Mr. Damien Petit.

Deloitte Auditors SC sfd SCRL, represented by Mr. Geert Verstraeten and CDP Petit & Co SPRL, represented by Mr. Damien Petit are responsible for the audit of the consolidated financial statements of Proximus and its subsidiaries.

The other members of the Board of Auditors are, together with Deloitte, entrusted with the audit of the non-consolidated financial statements of Proximus as parent company.

The mandates of Deloitte Auditors SC sfd SCRL and CDP Petit & Co SPRL will expire at the annual General Shareholders Meeting in 2022.

Additional fees paid to the auditors

In accordance with the provisions of article 3:65 § 2 of the Belgian Code of Companies and Associations, Proximus declares the supplementary fees that it granted during the 2019 financial year to two auditors, members of the Joint Auditors: Deloitte Auditors SC sfd SCRL and and CDP Petit & Co SPRL.

The Group spent during the year 2019 an amount of EUR 354,348 for non-mandate fees for Deloitte Auditors SC sfd SCRL, the Group’s auditors. This amount is detailed as follows:

Amount spent by the Group for non-mandate fees for Deloitte Auditors SC sfd SCRL

(in EUR)	Auditor	Network of auditor
Other mandatory audit missions	56,358	11,264
Tax advice		
Other missions	263,361	23,365
Total	319,719	34,629

The Group also spent during the year 2019 an amount of EUR 1,588 for non-mandate fees paid to CDP Petit & Co SPRL. This amount is detailed as follows:

Amount spent by the Group for non-mandate fees for Deloitte Auditors SC sfd SCRL

(in EUR)	Auditor
Other mandatory audit missions	1,588
Tax advice	
Other missions	
Total	1,588

Members of the Board of Directors

Guillaume Boutin



Mr. Guillaume Boutin has been Chief Executive Officer since 1st December 2019 and presides over the Executive Committee of Proximus.

Mr. Guillaume Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017. Mr. Boutin is a member of the Board of Directors of Scarlet Belgium. From January 2019 until December 2019, he was also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

Mr. Boutin started his career as strategy consultant before joining a web start-up. He then joined SFR where he successively held various positions in strategy, finance and marketing until he joined Canal+ Group in 2015 as Chief Marketing Officer.

Guillaume Boutin holds a "baccalauréat scientifique", followed by a degree in telecommunications engineering (Telecom Sud Paris "Programme Grande Ecole", 1997) and a degree from HEC Paris, "Programme Grande Ecole", obtained in 1999.

Stefaan De Clerck



Mr. Stefaan De Clerck is Chairman of the Proximus Board of Directors since 20 September 2013. He chairs the Proximus Joint Committee, the Proximus Pension Fund and the Proximus Art ASBL/VZW. He is board member of the Proximus Foundation and of Connectimmo.

He is also member of the Orientation Council of Euronext, of the Strategic Committee of FEB/VBO, of the Board of VOKA, of the BBR (Benelux Business Roundtable) and of the Bureau of Eurometropole Lille-Kortrijk-Tournai.

Before Proximus, he served as a Member of the Belgian Parliament from October 1990 until October 2013. From June 1995 until April 1998 and from December 2008 until December 2011 he was the Belgian Minister of Justice. From 1999 until 2003 he was President of CD&V, the Flemish Christian-Democratic Party.

He was the Mayor of the city of Kortrijk (Belgium) from January 2001 until end-December 2012.

Mr. De Clerck holds a Master's degree in Law from the Catholic University of Leuven.

Karel
De Gucht



Mr. Karel De Gucht, State Minister, was the European Commissioner for Trade from February 2010 until 31 October 2014, where he was pivotal in negotiating, concluding and managing several European Free Trade and Investment Agreements worldwide.

Previously he served as Belgium’s Minister of Foreign Affairs from 2004 to 2009, Deputy Prime Minister from 2008 to 2009, and as European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response from 2009 to 2010.

Currently he is the President of the Institute for European Studies (IES) at the Vrije Universiteit Brussel (VUB) – his alma mater (Masters of Laws, 1976) and where he teaches European Law. He serves as a Director on the Boards of ArcelorMittal SA, of EnergyVision and is a Member of the Advisory Board of CVC Capital Partners.

He is also the manager of a family-run wine producing company in the Chianti region (Italy)

Pierre
Demuelenaere



Until 31 August 2015, **Mr. Pierre Demuelenaere** was President and CEO of IRIS (Image Recognition Integrated Systems), a company he co-founded in 1987 to commercialize the results of his PhD.

Mr. Demuelenaere has more than 30 years of experience in Imaging and Artificial Intelligence. He has accumulated solid experience in technology company management, R&D management and setting up international partnerships with US and Asian companies (HP, Kodak, Adobe, Fujitsu, Samsung, Canon, etc.).

Throughout the years, he remained very involved in defining the R&D vision of IRIS and contributed to the development of new technologies, new products and the filing of a large number of patents.

In 2013, Mr. Demuelenaere successfully negotiated the acquisition of IRIS Group by Canon. The company has now become a member of the Canon Group.

Mr. Demuelenaere holds a Civil Engineering degree in Microelectronics from the Université Catholique de Louvain (UCL) and received his PhD in Applied Sciences in 1987. He has received the “2001 Manager of the Year” award and the “2002 Entrepreneur of the Year” award. In 2008, Data News elected him “ICT personality of the year”

Amongst his other activities, until the end of 2019, he was Chairman of the Board of Directors and CEO ad interim of EVS Broadcast Equipment. He is also member of the Board of Directors of Guberna and Professor of management at the UCLouvain. He served for 7 years as a director on the Board of BSB, an insurance and banking software company, for 23 years on the Board of Pairi Daiza and for 10 years on the Board of e-capital, a Venture Capital Fund.

Martin
De Prycker



Mr. Martin De Prycker is a managing partner of the Qbic Fund, an inter-university fund of 100 million euro, supporting university spin-off companies in Belgium.

Mr. De Prycker was CEO of Barco between 2002 and 2009. Under his leadership he focused on, and made the company grow in, markets using displays such as the medical, digital cinema, control and airline industry, and spinning off the non-core product lines such as graphics, textile and subcontracting.

Prior to that, he was CTO and member of the Executive Committee of Alcatel-Lucent. Before becoming CTO of Alcatel-Lucent, Mr. De Prycker was responsible for establishing the company’s worldwide market leadership in the broadband access market. Under his leadership, ADSL was transformed from a research project into a multi-billion dollar business for Alcatel-Lucent.

Between 2009 and 2013 Mr. De Prycker was CEO of Caliopa, a startup in silicon photonics, allowing the transport of hundreds of Gbps on optical fiber; Caliopa was acquired by Huawei in 2013.

He is also a member of the Board of Directors of several companies, including EVS, Sentiance, Molecubes, Morrow and Arkite.

Mr. De Prycker holds a Ph.D. in Computer Sciences, a Master of Science in Electronics from the University of Ghent, as well as an MBA from the University of Antwerp.

Martine Durez



Mrs. Martine Durez served as Chief Financial and Accounting Officer at bpost until January 2006, when she became Chairman of the Board, a position she held until June 2014. She is a member of the Board of Directors of several companies, including Ethias Co and SNCB (Belgian Railways).

Mrs. Durez was also Professor of Financial Management and Analysis at the University of Mons-Hainaut until 2000. She has also served as a member of the High Council of Corporate Auditors and the Committee of Accounting Standards and as a special emissary at the Cabinet for Communication and State Companies.

She has been a member of the Royal Academy of Belgium (Technology and Society Action) since 2010. She served as a regent of the National Bank of Belgium.

Mrs. Durez graduated as a Commercial Engineer and holds a PhD in Applied Economics from the University of Brussels (ULB).

Catherine Rutten



Mrs. Catherine Rutten is CEO of pharma.be, the federation of innovative biopharmaceutical companies in Belgium since 2013. From 2003 to 2013 she has been Member of the Council of the Belgian Institute for Postal Services and Telecommunications, the Belgian regulator for electronic communications and postal services. Prior to that, she worked as Director Regulatory Affairs at the Belgian branch of BT Ltd. She started her career as a lawyer, member of the Brussels Bar, in 1994. She is member of the board of Women on Board.

Mrs. Rutten holds a Degree in Law from the University of Leuven and the University of Namur, a LL.M. in intellectual property law from the London School of Economics and Political Science and a LL.M. in European Law from the College of Europe.

Isabelle Santens



Mrs. Isabelle Santens was the previous owner and Design Director of Labels of Andres NV, a Belgian fashion company that designs, produces and distributes the ladies clothing brands Xandres, Xandres xline and Hampton Bays.

After studying geography and economics at the KUL, she joined Andres NV in 1985, became Director of Design and then CEO in 2000 until she sold the company to a French listed Company in 2016.

She turned Andres NV from a mere production-oriented facility into a sales and marketing-driven fashion company with a focus on building strong brands, opening pilot stores and building a strong e-commerce site.

She is now active in several boards and in cultural institutions.

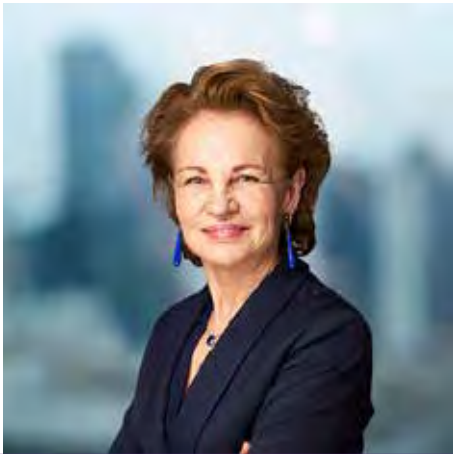
Joachim Sonne



Mr. Joachim Sonne has over 20 years of experience in Investment Banking. Until September 2019, Mr. Sonne served as Managing Director and Co-Head of the EMEA Telecom, Media and Technology Advisory Group in London at J.P. Morgan. He joined J.P. Morgan in London in 1998 where he focused on clients and transactions in the Media and Telecoms space, worked from 2006 until 2010 in the Communications Group in New York and during 2010/2011 for the German M&A practice of J.P. Morgan in Frankfurt.

Mr. Sonne graduated with distinction from the European School of Management –EAP, Paris-Oxford-Berlin and holds a European MS in Business and Economics, a Diplom-Kaufmann and a Diplôme de Grande Ecole.

**Agnès
Touraine**



Mrs. Agnès Touraine is CEO of Act III Consultants, a management consulting firm dedicated to digital transformation.

Previously, Mrs. Touraine served as Chairman and CEO of Vivendi-Universal Publishing, a \$4.7 billion company, after having spent 10 years with the Lagardère Group as Head of Strategy and CEO of the mass market division and five years with McKinsey.

She graduated from Sciences-Po Paris and Columbia University (MBA). She sits on the Boards of Rexel SA, Tarkett SA, GBL (since 31 October 2018) and previously Darty Plc as well as Neopost SA. She is also sitting on non-profit organizations board such as The French-American Foundation and IDATE.

Since May 2014 she has been Chairwoman of the Board of Directors of IFA (French Governance Institute).

**Catherine
Vandenborre**



Mrs. Catherine Vandenborre is Chief Financial Officer at Elia. Previously, she was a member of the executive committee of APX-ENDEX, the Anglo-Dutch gas and electricity exchange based in Amsterdam, and CEO of Belpex. She began her career at Coopers & Lybrand as an auditor.

Mrs. Vandenborre is member of various Boards, including Contassur, an insurance company.

She holds a degree in Business Economics from the UCL as well as degrees in Tax Law and Financial Risk Management.

**Luc
Van den hove**



Mr. Luc Van den hove is President and Chief Executive Officer (CEO) of imec since July 1, 2009. Before holding this position, he was Executive Vice President and Chief Operating Officer. He joined imec in 1984, starting his research career in the field of interconnect technologies. In 1988, he became manager of imec’s micro-patterning group; in 1996, Department Director of Unit Process Step R&D; and in 1998, Vice-President of the Silicon Process and Device Technology Division. In January 2007, he was appointed as imec’s Executive Vice President & Chief Operating Officer (COO).

Under his guidance imec has grown to an organization with a staff of around 4000 people, operating with an annual budget of around €583M (2018) and with offices in Belgium, the Netherlands, US, Japan, Taiwan, China and India.

Currently, Mr. Van den hove is also professor of Electrical Engineering at the University of Leuven. He is also a member of the Technology Strategy Committee of ASML. He has authored or co-authored more than 150 publications and conference contributions. He is a frequently solicited speaker on technology trends and applications for nano-electronics at major top conferences. He has presented more than 50 key note presentations.

Mr. Van den hove received his Ph. D. in Electrical Engineering from the University of Leuven, Belgium.

**Paul
Van de Perre**



Mr. Paul Van de Perre is co-founder of GIMV (a Venture Capital Firm listed on Euronext) and was formerly a director of Sidmar (Arcelor-Mittal), Thomassen Drijver Verblifa Belgium, Sunparks (a division of Sunair) and other companies. He is currently director of Greenbridge Incubator (University of Ghent), Scientific Investment Board (University of Brussels), President of the Board of Directors of CityDepot (a subsidiary of bpost) and member of the Investment Committee of Participatie Maatschappij Vlaanderen (PMV).

Mr. Van de Perre is CEO of Five Financial Solutions (a corporate finance house). He is co-founder of Parinsu (an added value company to mature scale-ups) and member of the advisory Board of several high-tech start-ups. He holds a Master’s degree in Economics and several postgraduate degrees.

Members of
the Executive Committee

Guillaume
Boutin



Mr. Guillaume Boutin has been Chief Executive Officer since 1st December 2019 and presides over the Executive Committee of Proximus.

Mr. Guillaume Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017. Mr. Boutin is a member of the Board of Directors of Scarlet Belgium. From January 2019 until December 2019, he was also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

Mr. Boutin started his career as strategy consultant before joining a web start-up. He then joined SFR where he successively held various positions in strategy, finance and marketing until he joined Canal+ Group in 2015 as Chief Marketing Officer.

Guillaume Boutin holds a "baccalauréat scientifique", followed by a degree in telecommunications engineering (Telecom Sud Paris "Programme Grande Ecole", 1997) and a degree from HEC Paris, "Programme Grande Ecole", obtained in 1999.

Sandrine
Dufour



Mrs. Sandrine Dufour assumed the post of Chief Financial Officer of Proximus on 1 April 2015. In addition to the Finance domains, Sandrine Dufour is also responsible for the Wholesale activities as well as the Group Internal Services. During a transition period from 21 September 2019 to 30 November 2019, Mrs. Dufour assumed the role of CEO of Proximus on an interim basis.

From 1999 to May 2013, Mrs. Dufour held various positions at Vivendi in France and the US; the latest being Deputy Chief Financial Officer and Director of Innovation. Afterwards, she became Executive Vice President Finance & Strategy at SFR. Before that, she held various posts as a financial analyst in France, at BNP and Credit Agricole Cheuvreux (European telecom sector).

Mrs. Dufour is member of the Board of Directors of the following Proximus subsidiaries Proximus Luxembourg, Connectimmo, Be-Mobile, Proximus Pension Fund and Proximus Art. She was the Chairman of the Board of Directors of Proximus Luxembourg until September 2019 and since October 2019 she is Chairman of the Board of Directors of BICS.

Mrs. Dufour holds several degrees from ESSEC Business School, the Société Française des Analystes Financiers, and the Chartered Financial Analyst (CFA) Institute.

Dirk
Lybaert



Mr. Dirk Lybaert is Chief Corporate Affairs Officer & Secretary General of Proximus and has the following responsibilities: Legal, Regulatory, Public Affairs, Group Communications, Internal Audit & Risk Management, Security Governance & Investigations, Corporate Prevention & Protection.

Mr. Lybaert was Secretary General of Belgacom from 2005 to 2014. From 1995 until 2007, he was an assistant at the Law Faculty of the University of Brussels for the “Named Contracts” course. From 2000 to 2005 he held different positions within the legal department of Belgacom.

Prior to joining Belgacom, Mr. Lybaert served as an officer with the Federal Police, where he reached the position of Lieutenant-Colonel and Director of the Anti-Terrorism Program.

Mr. Lybaert is a member of the Board of Directors of BICS, Proximus Foundation, Proximus Art and Proximus Opal. He also has external mandates at Aquafin, Bednet and Festival van Vlaanderen.

Mr. Lybaert holds a Master’s degree in Criminology from the University of Ghent, Law from the University of Brussels (VUB) and Business Law from the University of Antwerp, and degrees in Advanced Management and Social and Military Sciences.

Geert
Standaert



Mr. Geert Standaert is Chief Technology Officer. He has been a member of the Executive Committee since March 2012. In this function, he oversees all IT development, service engineering, the fixed and mobile network, technical infrastructure and operations for the Group.

Mr. Standaert joined the Group in 1994 and held director positions in various disciplines, including IT, Infrastructure Operations and Data Operations before becoming Vice President Customer Operations in 2007.

Mr. Standaert is also a Board member of Synductis.

Mr. Standaert holds a Master’s degree in Civil Engineering from the University of Ghent (RUG).

Renaud
Tilmans



Mr. Renaud Tilmans joined the Executive Committee as Chief Customer Operations Officer of Proximus in May 2014. In this function, he works with his teams to align procedures and create synergies between the operational after-sales activities of the different Business Units.

Mr. Tilmans joined Belgacom in 1993. He held various director positions in the field of ICT and networks before becoming Vice President Customer Operations of the Business Unit Service Delivery Engine & Wholesale in 2012.

Within the Proximus Group, Mr. Tilmans is since 26 September 2019 Chairman of the Board of Directors of Proximus Luxembourg.

Mr. Tilmans is a civil engineer from the UCL (Louvain-la-Neuve) and holds degrees in IT and management.

Jan Van Acoleyen



Mr. Jan Van Acoleyen is Chief Human Resources Officer of Proximus. He joined Proximus in May 2016, after a long career with various international HR management roles, mainly in high-tech companies such as Alcatel, Agfa-Gevaert and Barco. As a HR leader, he acquired extensive experience in organizational and corporate culture transformations.

Mr. Van Acoleyen has a Master's degree in Educational Studies from Leuven University and an Executive MBA from the Antwerp Management School (University of Antwerp)

He is an independent member of the Board of Directors of SD Worx and Chair of the Board of Experience@Work. Within the Proximus Group he is board member of BICS, Proximus Luxembourg, Proximus Foundation, Proximus Pension Fund and is Chairman of the Remuneration Committee of BICS.

Bart Van Den Meersche



Mr. Bart Van Den Meersche is Chief Enterprise Market Officer of Proximus. In 2011, he joined Proximus (formerly Belgacom) following 28 years of experience in the ICT sector with a professional career at IBM, where he held various executive management functions for 16 years and spent eight years as Country General Manager of IBM Belgium/Luxembourg. In his last year at IBM, he was Vice President Industries & Business Development IBM South-West Europe, and a member of the IBM South-West Europe Executive Committee.

For six years, Mr. Van Den Meersche was Chairman of Agoria ICT and a member of the Board of Directors of Agoria, VOKA and VBO.

Within the Proximus Group, Mr. Van Den Meersche is Chairman of the Board of Directors of Proximus SpearIT and Be-Mobile. Since January 1 2019, he is also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

He is also a member of the Board of Directors of Belgian Mobile ID, a joint venture between the 4 major banks (BNP Paribas Fortis, Belfius, ING and KBC) and the 3 mobile network operators (Proximus, Orange, Telenet/Base).

In June 2019, Bart Van Den Meersche joined the Board of Directors of Contraste Europe, an IT services company.

Mr. Van Den Meersche has a Master's degree in Mathematics from Leuven University.



Our compliance program is a key building block for our Corporate Social Responsibility strategy.

Non-financial governance

Living up to the commitment of a structured sustainability framework requires a very well-defined organization within Proximus, as our strategic areas stem from different business units. This is also set up to ensure we reach our ambition and have a strong follow up from the higher management.

Thus, for each of the pillars in the strategic areas, an owner is appointed within Proximus. Our most material topics are also mapped in specific pillars of the sustainability framework. For each material topic, at least one KPI has been defined.

Each pillar and their associated topics & KPIs are reported on quarterly to the Executive Committee & Board.

The KPIs for each topic and their targets as well as link to the Sustainable Development Goals can be found in the section “Overview of non-financial information”.

Compliance

Role of compliance at Proximus

In an increasingly complex legal and regulatory context and a changing business environment, compliance plays an increasingly important role in the business world.

The Proximus Group Compliance Office is responsible for coordinating compliance activities within the Proximus Group, and aims to promote, at all levels, ethical conduct, respect of values and compliance with laws and internal and external rules and policies, prevent unlawful or unethical behavior and ensures an appropriate response in case such behavior does manifest itself.

Our compliance program is a key building block for our Corporate Social Responsibility strategy (more information available in the Sustainability chapter).

All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles using the Proximus Code of Conduct, as reflected in multiple Group and Company policies and procedures as their guide.

Moreover, our company values aim to inspire our employees in their daily behavior and attitudes.

Ethical behavior is thus not limited to the texts of the Code of Conduct and basic guiding policies and procedures, which only reflect a summary of the main basic principles and are thus not exhaustive.

The Code of Conduct is available on www.proximus.com and www.proximus.be.

- The compliance domains which were the compliance focus areas for 2019 are:
- Data protection/Privacy
 - Information Security
 - Conflict of interest (including an internal audit on events/incentives organized by Proximus and third parties (vendors,...))
 - Business expenses
 - Business continuity.

Organization of compliance activities

The Compliance Office is managed by the Director Internal Audit and Risk Management & Compliance, who reports directly to the Chairman of the Audit and Compliance Committee (ACC).

The ACC Charter determines the ACC’s responsibility in helping and advising the Board of Directors with respect to monitoring Proximus’ compliance with the legal and regulatory requirements, as well as internal compliance with the Code of Conduct and the Group policies and procedures.

The Compliance Program

Ethical behavior and respect for the values are part of the compliance approach within the Proximus Group.

The following efforts have been done in 2019 in order to improve the visibility of the Group Compliance strategy:

- Continuous communication campaigns towards our staff through the intranet, posters and specific events (e.g. Security week) concerning information security, privacy, conflict of interest,...
- Annual updates of policies, procedures given the fast changing business environment
- Implementation of a data governance tool allowing to document E2E data flows, perform effective data (lifecycle) management and ensure data (quality) by design.

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, its purpose and results are described below.

Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through employees’ unique capabilities, experiences and all other characteristics unrelated to someone’s abilities, will help to 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 Charter on diversity and equal rights, which applies to all employees of the Proximus Group.

With this policy Proximus wants to enable conditions, where these differences are recognized and respected, and where all employees are given equal opportunities. 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 mind-set 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 the 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 about the importance of diversity at all levels of the organization and concentrates on recruiting employees with an inclusion and growth mindset. Once they are part of the company, we ensure that they are the best ambassadors of our company values by including a part on our inclusion program and philosophy in our welcome days as well as in all related trainings for team leaders, experts, trainees,...

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

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

- 38% of the Board of Directors
- 14% of the Executive Committee
- 24% of the members of the Leadership Team
- 33% of all employees’ population.

Proximus Group also has a very diverse workforce in terms of culture with 48 nationalities.



Proximus supports internal and external diversity network activities and initiatives such as the AfroPean network (APN). We have a Diamond Sponsorship in the organization “Women on Board” and started a partnership with KliQ, an organization with expertise in the fields of sexual diversity and gender diversity. We will keep on focusing on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

Creation of a culture that allows to reconcile activities during the different life phases

Proximus wants to create conditions to allow its personnel to reconcile the different aspects of their professional and private life during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home child care, ... These measures allow 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 founding partner of “Experience@Work”. Thanks to this company, experienced talents from organizations can be deployed in other organizations which are looking for specific experience and/or talent.

Diversity as part of Proximus Code of Conduct

Proximus’ mission consists in opening up a world of digital opportunities, so people live better and work smarter. This also means that we have to earn and keep the trust of our

customers, our employees, our suppliers, our shareholders, our partners and the company as a whole.

Successful business must go hand in hand with honest and ethical behavior. Each employee has a crucial role to play in this matter. This is the reason why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules which are the foundations of our engagement to be a

socially responsible company. The Code of Conduct applies to everyone: Board of Directors, managers and all employees. Although the Code of Conduct cannot directly be imposed to our business partners, we seek to always work with partners respecting the same ethical standards.

Proximus expects its employees to respect the Code of Conduct and use it as a reference in their day-to-day way of working.

Human rights

People are entitled to be treated with respect, care and dignity. Proximus business practices can only be sustainable if we respect basic human rights and value diversity, cultural and other differences. Our Code of Conduct, values and behavior are inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the European Convention on Human Rights and the United Nations Convention on the Rights of the Child.

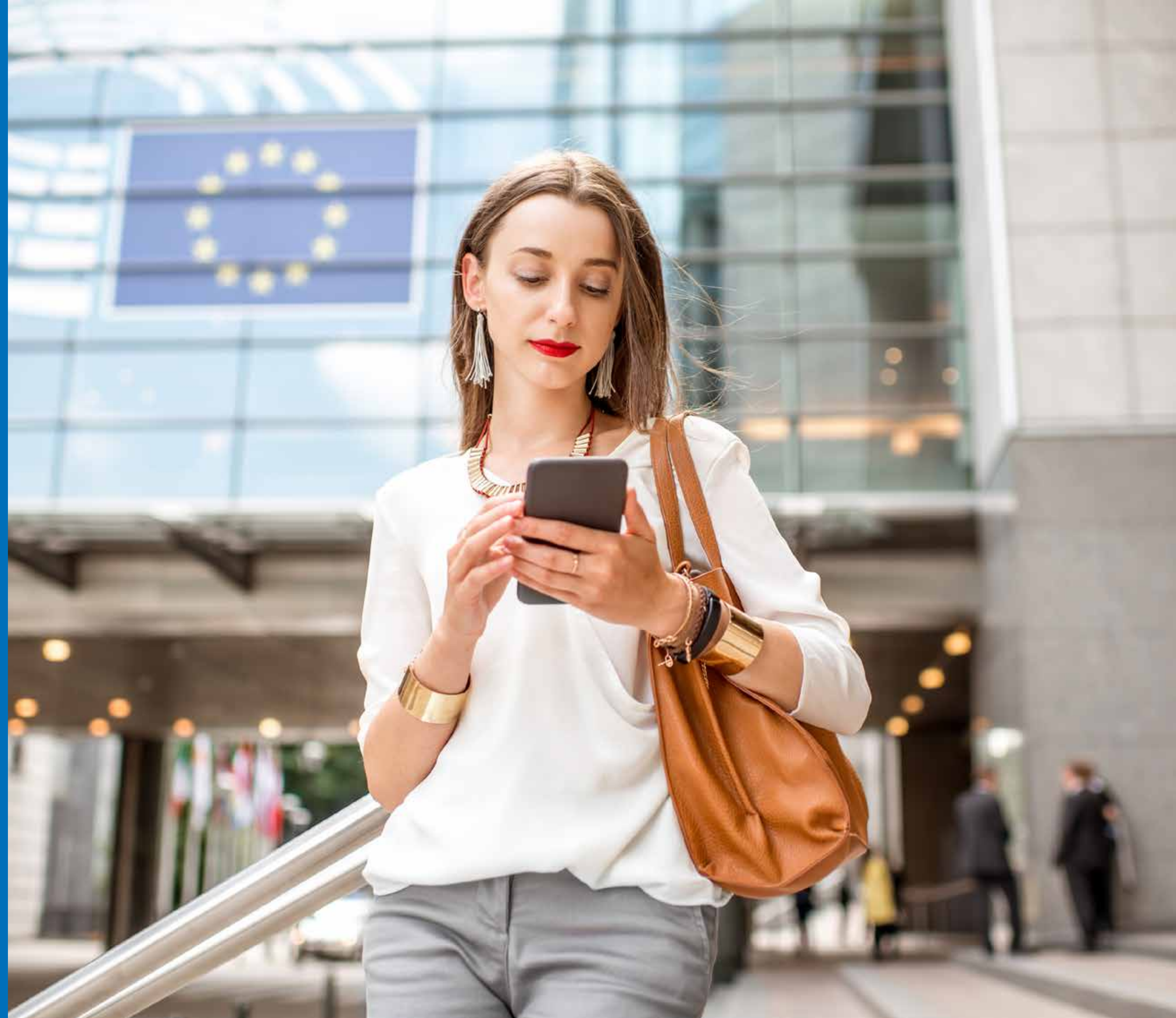
Working conditions

Proximus is committed to creating working conditions which promote fair employment practices and where 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 Labour 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 labour or any form of forced or compulsory labour as defined by ILO 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.

Regulatory framework



Cable & Broadband Regulation

The Belgian regulators' decisions of 29 June 2018 on the review of the broadband and TV market analysis have outlined the regulation of the cable networks and of Proximus' fibre network.

In terms of pricing, the regulators have imposed a 'fair pricing'. In this context, BIPT issued, on 5 July 2019, a consultation on future rental prices for wholesale cable access based on their cost modelling exercise. BIPT has proposed a price structure that allows for tiering and a small margin of 5%-10% on the prices for internet services over 200Mbps in order to encourage investment. The consultation ran until 6 September. A final decision is expected in Q2 2020 and the new pricing will be effective 2 months after the final decision. The new prices would then apply until 2023. The BIPT assessment of the wholesale FTTH rental pricing of Proximus is still pending. A consultation on the pricing is also expected in Q2 2020.

In terms of Proximus' access to the cable networks, the decision of June 2018 grants access for Proximus in geographical areas without own next-generation broadband access network.

Both Telenet and VOO (Brut  l   and Nethys) had lodged an appeal against the June 2018 decisions obliging them to open their networks to competitors, requesting for suspension and annulation but, on 4 September 2019, the Court considered their requests unfounded.

The broadband market analysis of 2018 contains an obligation for Proximus to provide access to end-to-end

ducts in the context of FTTH if and where available. In Q2 2019, Proximus presented a reference offer for this type of access. Developments for such product only need to be done when there is effective demand.

On 17 December 2019, BIPT published its final decision on the review of the wholesale provision of high-quality access (leased lines and similar services) market. Alternative operators purchase these high-quality access services to connect sites (companies, base stations, interconnection points, etc.) that they cannot reach with their own infrastructure. Proximus remains the only SMP operator (operator with significant market power) on this market. BIPT maintains the existing obligations on access, transparency, non-discrimination and price control imposed to Proximus by the previous market analysis of 2013. Proximus must continue to offer access to its copper and fibre infrastructure that largely corresponds to its current wholesale services. New element is that alternative operators will be able to benefit from national coverage without having to interconnect to several nodes of the Proximus network (national collection). BIPT also introduces the obligation for Proximus to provide 'passive' access to the ducts used for these services. For the various wholesale services, Proximus will have to apply a fair pricing (similar to the one imposed for fibre in the broadband market in 2018). Considering that several alternative infrastructures are already present, BIPT foresees a softer regulation in some areas, i.e. no price regulation on active access. The list of areas subject to a lighter regulation will be subject of an annual review based on the criteria defined in the decision. Based on this analysis, new areas might be added or removed from the list. The decision entered into force on 1 February 2020.

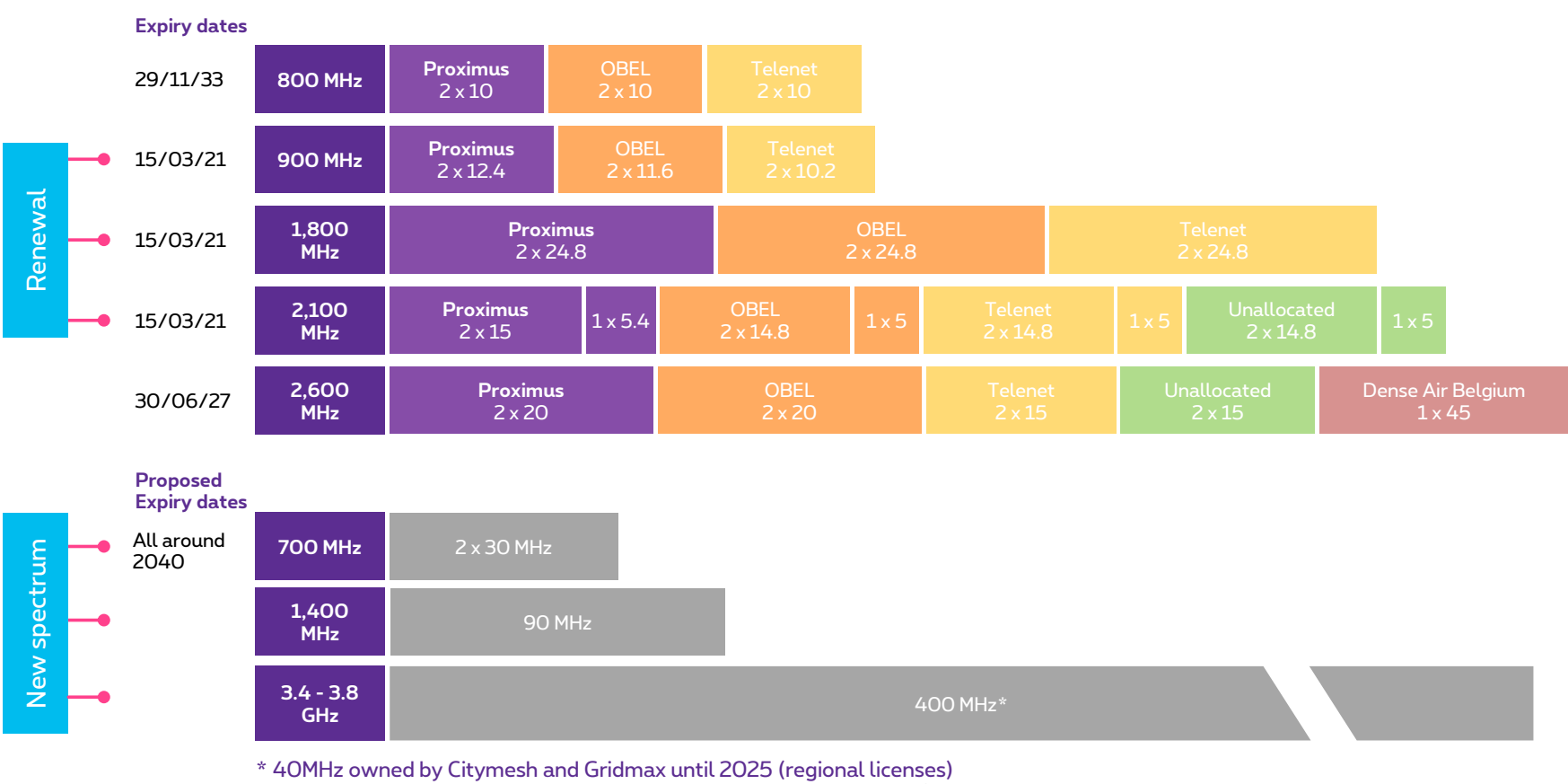
Radio Spectrum

Multi-band auction

In July 2018, the Belgian government approved in first reading, the conditions for the multi-band auction for the renewal of the existing 2G/3G spectrum (900, 1800 and 2100 MHz licenses due to expire on 21 March 2021) as well as for the granting of new 5G spectrum (700 MHz, 1400 MHz and 3500 MHz) and unsold spectrum in the 2100 and 2600 MHz bands.

Fibre and cable wholesale rental "fair prices" will be defined in 2020.

Current ownership and new spectrum



These proposals included favorable conditions for new entrants (spectrum reservation in the 700 MHz, 900 MHz, 1800 MHz and 2100 MHz bands, national roaming and less stringent coverage obligations). However, due to a disagreement between the Federal state and the Communities on the repartition of the proceeds of the auctions, no final decision has been taken yet. The timing and the final conditions of the auctions remain therefore currently uncertain.

In the meantime, on request of the Telecom Minister, BIPT organized in December 2019 a consultation on new legislative proposals in preparation of the future spectrum auction. The proposals relate a.o. to the possibility for BIPT to extend the current 2G and 3G authorizations (by 6-months periods) beyond the initially foreseen date of 15 March 2021, under the same conditions and fees, until the auction procedure for the bands concerned is finalized. The proposals also consider the reorganization of the spectrum currently in use in the 3400-3600 MHz band in order to ensure that sufficiently wide blocks of spectrum can be freed for 5G and the possibility and conditions for the BIPT to authorize private local area networks using 4G or 5G technologies in the 3800-4200 MHz band.

On 31 January 2020, BIPT also proposed the granting of temporary licenses in the 3.5 GHz band to enable initial 5G roll out awaiting finalization of multiband auction process. Applications (incl. detailed deployment plan) must be sent by 28 February. BIPT will then finalize plans for assigning frequencies.

A Royal decree of 2 June 2019 has introduced a reduction of the usage fees for microwave links in the ‘white zones’ (areas

where no NGA infrastructure is available) and ‘grey zones’ (areas where only one NGA infrastructure is available) with 80% for 10 years (from 1 July 2019 until 31 December 2029). BIPT determined the precise scope of these areas on 29 July.

In Luxembourg, the 5G spectrum allocation has been delayed until 2020.

International roaming and intra-EU calls

The ‘Roam-Like-At-Home’ (RLAH) that completely abolished the roaming surcharges has been applicable since June 2017. Since then all Proximus customers can surf, call and text within the European Union like at home, without extra charges within the ‘Fair Use Policy’ (FUP) aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU.

The roaming wholesale prices have been determined as follows:

Wholesale roaming caps (EUR excl. VAT)

	2015	30/04/2016	15/06/2017	2018	2019	2020	2021	2022
Voice call/min	0.05	0.05	0.032	0.032	0.032	0.032*	0.032*	0.032*
SMS	0.02	0.02	0.01	0.01	0.01	0.01*	0.01*	0.01*
Data/GB	50	50	7.7	6	4.5	3.5*	3*	2.5*

* 2020 tariffs and beyond subject to Commission review



On 29 November 2019, the European Commission published its first full review of the roaming market in which they consider a possible legislative proposal extending the EU roaming rules beyond 30 June 2022. The Commission intends to conduct an impact assessment in this respect in the first semester of 2020. Possible legislation could address the level of wholesale roaming price caps and add transparency obligations regarding quality of service while roaming.

In the context of the EU telecom review adopted end 2018, the European legislators also adopted a Regulation, imposing caps on intra-EU calls and SMS prices (calls and SMS to another EU country). The new caps took effect on 15 May 2019 for consumers at 19 eurocents/minute for calls and 6 eurocents for SMS.



**New caps on
intra-EU calls and
SMS apply since
15 May 2019.**



**Coverage and quality
of networks**

Through its ‘Atlas’ project, BIPT publishes detailed information on the coverage and quality of experience of the mobile and fixed networks. BIPT published the last edition of its Atlas on 19 December 2019.

The currently published fixed coverage maps (dated September 2019) show the aggregated coverage of Proximus and the cable operators by different download speeds: 1 Mbps, 10 Mbps, 30 Mbps, 50 Mbps and 100 Mbps.

The mobile maps (dated October 2019) enable the customers to verify the coverage of each of the three mobile operators (Telenet/Base, Orange and Proximus), individually or together, on the map of Belgium. The maps show different coverage levels (very good/deep indoor, good/indoor, satisfactory/outdoor). These maps show that, for 4G, Proximus has the most extensive coverage for all coverage levels, both in terms of territory and population. For 3G, Proximus has the widest coverage for all coverage levels in terms of territory.

These maps are accompanied by the results of a study comparing the quality of the experience offered by the three mobile operators. These results show that Proximus performs best for a large number of KPIs. A smartphone application launched early 2019 also allows citizens to participate in the coverage and quality measurement.

EU developments

EU Telecom Review

The EU Telecom review, the so-called ‘European Electronic Communications Code’ (Code) that was published in the Official Journal of the EU on 17 December 2018 overhauls the previous EU telecoms regulation. This text will determine the regulation of telecommunication networks and services in Europe for the next decade. Member states have until 21 December 2020 to transpose it into national law. The preparation for the transposition has been initiated by the BIPT as well as the French-speaking and Flemish Communities.

**Review of the Audio-visual
Media Services Directive**

The new Audio-visual Media Service (AVMS) Directive published on 28 November 2018 modifies a directive from 2010. Since then, the market for these services has evolved significantly. Rapid technical developments have sparked new types of services, viewing habits have changed and user-generated content has gained in importance. The legal framework has been updated to take account of these developments. Member states have to transpose it into their national legislations by 19 September 2020. The preparation for this transposition has been initiated by the French-speaking and Flemish Communities.



Risk management report

Taking risks is inherent to doing business, and successfully managing risks delivers a return to Proximus stakeholders. Proximus believes risk management is fundamental to corporate governance and the development of sustainable business.

Most important risks and uncertainties

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value 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. A structured risk management process allows management to take risks in a controlled manner. 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 and financial 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.

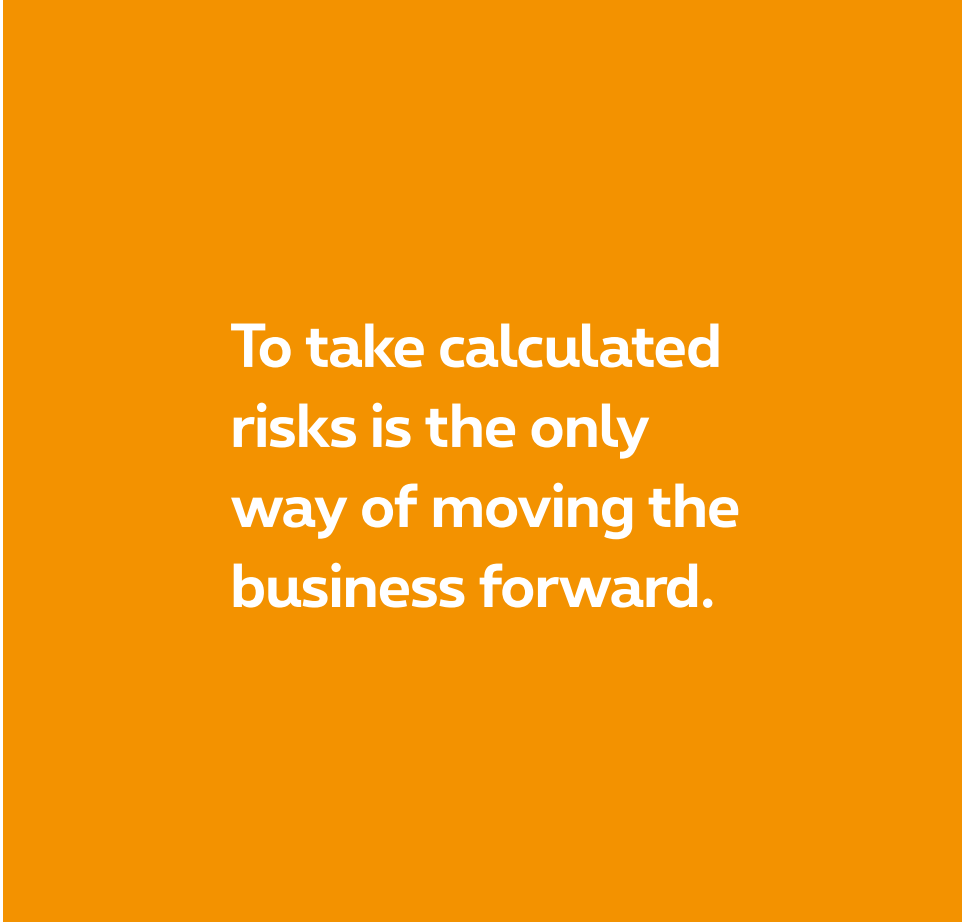
Proximus’ ERM framework has been reviewed and updated in 2019 to align with the market best practices. This risk assessment and evaluation takes place as an integral part of Proximus’ annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, 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 2019 exercise, the following risk categories were prioritized (in the following order):

- Business model and servicing evolution
- Competitive market dynamics
- Customer experience
- Employee skills and motivation
- Human Resource cost & flexibility.

Business model and servicing evolution

Proximus’ business model and financial performance have been and will continue to be impacted by (disruptive) technologies, such as SD-WAN, 5G and OTT (over-the-top) services. Proximus’ response to 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 its performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to serving 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. In the business market,



Proximus is further developing and reinforcing its capabilities to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud, and managed security solutions.

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 API platforms), maturing markets (e.g. 4G 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, competitors entering new segments of the market that might impact market value going-forward). In December, the validation of the sale of 51% of Voo (the cable company

operating in most of Wallonia and part of Brussels), to Private Equity firm Providence Equity Partners was announced. This transaction is expected to be finalized in the course of 2020. It will likely change the outlook and strategy of Voo going forward. Furthermore, in the coming months or 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 set in the upcoming spectrum auction. Sector federation Agoria estimates 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 remains uncertain, as the upcoming spectrum auction has been repeatedly delayed.

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 over-the-top services continue to gain ground. As a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+), Proximus has been consistently improving its multiplay value propositions by putting more customers on the latest technologies, maintaining its lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & Kids with the Studio 100 agreement, etc), developing an omnichannel strategy and improving digital customer interfaces (launch of the new Pickx platform), etc. Proximus has established an advantageous and solid competitive position, providing the company with other levers besides price, reducing the risk to churn and price disruption exposure. Following the launch of the Epic mobile offer in 2018, Proximus successfully launched in 2019 a new convergent offer, Epic Combo, targeted at the millennial segment and specifically designed

offer to meet the telecommunication needs of these customers. Proximus is also responding through a convergent and bundled approach and by offering new services and opting for an aggregator model, putting the best content at the disposal of its customers (e.g. Netflix).

The price-sensitive segment, which has continued to rise in 2019 as more consumers seek no-frills offers at a lower price, is successfully addressed through its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which might further impact revenue and margins. Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Proximus has developed specific solutions to accompany our customers in the transition to both local and cloud-based communication services, leveraging our various assets to offer simple, reliable and technologically advanced solutions to meet our customers' communication needs. Furthermore, Proximus is working with its customers to answer their industry-specific requirements and business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data, which will help preserve value.

Customer experience

For Proximus, delivering a superior customer experience is a core strategic mission. The priority given to customer centricity means more than focusing on the customer. This is about creating an effortless, intuitive and personalized experience for each customer.

Why would a prospect choose Proximus rather than another telco provider? Why would an existing customer recommend us to family and friends? Why would a customer be delighted with the way his products and services are being moved? This is all about the experience we provide him with.

This experience includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network, easy-to-use products and services and a good recommendation index. To achieve this goal, key transformational initiatives such as 'End-to-End Journey Evolution', 'Voice of the Customer', and 'Customer Service Lighthouse addressing root cause of pain points' were set up to take charge of transformation projects participating in Proximus' brand promise: 'Think possible'.



Customer experience is for us a key decisive competitive advantage to be constantly monitored.





Providing a superior experience to customers is a crucial challenge but also an ongoing risk domain, considering:

- The fast evolution of market and customers' expectations
- The increased influence of GAAFA and OTT players
- The ever-present risk of a bold move from the competition.

As we are aware of those risks, here are some achievements of the past year tackling them:

- The 'Close-the-loop' was set up to allow customers who express, via our surveys, that they still have an open question or issue, to be re-contacted in priority in order to find a solution.
- Dedicated multidisciplinary teams were set up to act on identified root causes of customers' and operational pain points and drive continuous improvement to realize customer experience improvements and capture financial value. Five priority topics are being looked at end-to-end (i.e. billing, payment & collection, ordering, non-commercial communication and usage experience) and will result in addressing pain points and useful customers' contacts reducing thereby the customer effort. The dedicated teams are supported in their mission by a customer experience analytics team whose mission is to quantify and qualify the root causes and to measure the impact of the adopted improvements.
- The Digiline project allowing a digital journey follow-up and visualization of main interaction for new customers.
- Proximus is no longer a service provider. We create a real bond with our customers and do everything possible to ensure that their experience with us is 'effortless and delightful'.

Employee skills and motivation

In the digital era, knowledge workers are a competitive asset if they have the right skills and mindset. Proximus could face a shortage of skilled resources in specific domains such as security, digital front-ends, data science, and agile IT. This shortage could hamper the realization of our ambition to become a truly customer-centric organization, and delay some of our objectives in innovation. In addition, we need to upgrade skills in customer-facing and other functions to become digitally oriented.

This is why the company is paying so much attention to training programs, internal mobility, hiring of young graduates from relevant fields, and employer branding. In this context, it is also essential for Proximus to adapt its way of working to the needs and requirements of the new generation – the 'millennials' – and to manage all talents within an inclusive, multi-generational environment.

Considering the imperative to align skills with customer and business needs, Proximus has taken the necessary steps to identify the skills that will be critical for facing tomorrow's challenges and increased drastically its upskilling and reskilling efforts to accelerate the skills' shift. Proximus focuses also more on discovering, developing and sharing talents in order to have the right talent in the right place. Proximus continues to invest in leadership, a collaborative work environment, digitalization, and development in order to stimulate a company culture that nurtures a growth mindset, new ways of working, and our five company values: the digital mindset, customer centricity, accountability, collaboration and agility.

Human Resource cost & flexibility

Even though Proximus has been on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution mean that it needs to further reduce costs in order to remain competitive and preserve EBITDA. A significant portion of Proximus' expenses is still driven by the cost of the workforce (whether internal or outsourced, expensed or capitalized). Expressed as a ratio of turnover, Proximus' total cost of workforce still lies well above the average of international peers and main competitors, even if steady progress has been made in recent years. Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in five employees is a statutory employee. The application of HR rules as defined during successive Collective Agreements is quite strict and doesn't allow for as much flexibility as competition. This restricts Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2019, another wave of employees left the company under the voluntary early leave plan that was agreed by the unions in 2016. But in the future, major efforts will be needed to increase organizational flexibility and agility. That's why we intend to accelerate our transformation in the next three years, to become an increasingly digital company with an agile and efficient organization. First, Proximus will continue to adapt and simplify its organizational structure in order to evolve towards a high-performance organization by transforming the way we work.



In addition, different initiatives (drastic simplification and/or automation of Proximus' products, services, processes and systems) have been taken to optimize and safeguard the balance between workforce and workload (both in numbers and competencies). The objective is to adapt workforce cost and HR rules to Proximus' future needs, so that we remain competitive and can evolve with customers' needs.

In this respect, in January 2019, Proximus announced the need to reduce the number of employees in line with the workload reduction mainly linked to digitalization. The transformation plan was approved in the Joint Committee of December 9, 2019 while the implementation had started by informing the employees individually.

- The content of the transformation plan, is made of:
- A better adequation between the workforce and the workload, linked to business initiatives mainly linked to digitalization. The agreed upon workforce reduction will be managed through a specific process, starting with a voluntary leave plan with a majority of employees leaving by the 1st of March 2020. All other departures will happen before year-end 2020.
 - A simplification of HR rules related to functional mobility, HR flexibility, and the balance between insourcing and outsourcing.
 - New working conditions for employees hired as of 1st January 2020.
 - A significant increase of reskilling and upskilling efforts, to meet the needs in terms of skills transformation.

The three parts of the plan will improve our productivity, flexibility and agility on the market.

BICS

The disruption of the traditional operator-to-operator wholesale telecoms market has accelerated in 2019, driven by the increasing digitalization of the communications (smartphone penetration, social/communication apps development) and the emergence of new (cloud-based) players. Legacy communications volumes (Voice, Person-to-Person Messaging) have registered a decline between 5 and 10%, while pricings are flattening. The growing segments of the markets (LTE signalling, IPX Roaming data, Roaming value added services) have registered continuous volume growth, but are under fierce competitive pressure, with significant impacts on pricing.

In this turbulent market, BICS managed in 2019 to reinforce its position as one of the top international voice carriers and as number 1 provider of Signalling and Roaming Data services. 2019 also saw the progressive implementation of the new contract between BICS and the MTN Group, whereby MTN will leverage its assets in Africa and Middle East while BICS remains MTN's preferred provider for the rest of the world. To compensate for the legacy business erosion, BICS made good progress in selling new products in the Cloud communication and IoT markets.

TeleSign, the leading US-based authentication and security services provider acquired by BICS in 2017, has managed to double the revenue and triple the EBITDA since its acquisition, despite strong competition by companies operating with a different logic (high revenue growth, negative cash flows). In 2019, TeleSign created a strong momentum in the Mobile Identity market, on which the company will further capitalize in the years to come.

Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that effect 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 in order 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
 - Legacy network infrastructure
 - Security (confidentiality, integrity, availability)
 - Sourcing and supply chain reliability
 - Data protection and privacy.

In 2019, Proximus defined the protection of critical infrastructure, resilience and crisis preparedness as part of its strategic objectives.

The main goals are to prevent network outages, increase the network & IT resilience in line with evolving customer expectations and ensure the use of appropriate communication channels in case of incidents.

Resilience and business continuity

Interruptions to our ICT and telecom infrastructure which supports our business activities (including services provided by third-party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

- Building and ensuring the resilience of our network, platforms and IT systems remains a top priority. For each critical business function, business continuity plans have been developed in order to:
- Identify and prevent risks where possible
 - Prepare for risks that we can't control
 - Respond and recover if an incident or crisis occurs.

Every year, the business units define or review the Recovery time objective (RTO) for each critical product, service and business process. The operational teams perform a gap assessment, the divisional Business Continuity coordinators follow up the resulting action plans and report progress to the Business Continuity Manager.

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.

In case of a major adverse event, Proximus has put in place a crisis management process called PERT (Proximus Emergency Response Team).

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 are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans. In addition, Proximus invests in threat intelligence and security incident response.

Legacy network infrastructure

The systems need to talk to each other over a connected information highway that can deliver information at high

speed and without distortion. There is no doubt that in the coming years there will be a continued demand for ever-greater quantities of data at ever-greater speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

The problems with services over copper are speed, reliability and value for money. All too often, legacy systems are costly to operate and maintain. Copper has been around for decades and has far outlived any guarantee period. Outages on the lines will become more frequent.

Considering those elements, in 2004 Proximus was the first operator in Europe to start building a national Fiber-to-the-Home network. And today, Proximus is among the world’s top five operators for the proportion of fiber in its VDSL network, with over 21,000 kilometres of optical fiber connecting its street cabinets.

In the last three years, Proximus has accelerated the roll-out of fiber on its fixed network.

The initiatives from utility players, such as Fluvius, to invest in a parallel fiber network, risk to have an impact on the business case of the Proximus Fiber investments.

Sourcing and supply chain

Proximus depends on key suppliers and vendors to provide the equipment its needs to carry out its business activities. Supply chain risk management (SCRM) is defined as ‘the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity’.

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

- Top critical suppliers or their sub-suppliers under constant watch
- Stock management
- Consideration of alternative sourcing arrangements
- Business interruption / contingency plans
- Risk assessments and audits
- Awareness campaigns and training programs
- Strict follow-up of critical suppliers’ contractual liability and Service Level Agreement (SLA) clauses
- Data protection & privacy.

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 2019, Proximus continued the GDPR implementation project it started in 2017. As part of our commitment to protect personal data and privacy, we took a series of actions such as appointing a Data Protection Officer (DPO), developing a consent management structure, security screening, and corrective measures for our IT applications. Proximus is using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR e.g. register of processing activities.

Furthermore, Proximus has made effort to continuously improve its privacy by design process. As part of rendering the data subject requests process more efficient, Proximus is looking into the further use of semi-automated solutions. In the context of keeping personal data safe, Proximus has implemented additional measures to ensure that personal data in non-production environment is adequately protected.



Environmental risk & climate change

Environmental risk

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.

To date, Proximus did not identify any chronic physical risks. Risk of extreme weather conditions such as heavy rain and winds, floods, lightning strike and heat waves are seen as acute and temporary events and are treated as follows:

- Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.
- The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program will phase out most of the copper feeder cable in a timeframe of 15 years. An extensive fibre program will phase out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fibre network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.
- In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.
- Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, ... which heavily use aerial last mile networks, both in copper or in fibre. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.
- Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light colour and placed outside direct sunlight. A lot of

engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studied and optimized.

Climate change

Climate change is high on the agenda due to growing awareness on global warming. In Belgium this is demonstrated by the Thursday marches for climate and political debate on salary cars.

The Group Corporate affairs, responsible for legal, regulatory, public affairs, internal audit & risk management, compliance, group communications 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 policy to reduce CO₂ emissions and clear commitment to become circular (see chapter ‘Committed to the circular economy’).



Internal audit has to move beyond its ability of handling risks & controls to be fully aligned with company strategic objectives and to enter into the role of trusted advisor.

Risk Management and Compliance Committee

In 2019, the Risk Management and Compliance Committee (RMC) held five 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).

Internal Audit

In line with European 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 and other professional standards, 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 Proximus to accomplish these objectives through its 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.

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 do not provide a true and fair view any more. 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 performed 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 different 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.

Remuneration report

The remuneration policies of the Directors and of the Executive Committee are inspired by current legislation, by the corporate governance code and by the market practices and trends. Our company is taking particular care to provide relevant and transparent information on the principles and the level of remuneration of the members of the Board of Directors and of the Executive Committee, as well as an overview of the key elements of the remuneration policy of the Proximus Group.





Remuneration of the members of the Board of Directors

Director’s remuneration policy

The principle of continuity with the past has been maintained. The policy adopted by the General Assembly of 2004 has remained applicable in 2019 and no substantial change of the policy is expected for the coming two years.

The CEO, Mr. Guillaume Boutin, who is the only executive Director, 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 remuneration policy of the non-executive Directors foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors. All members of the Board of Directors have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors. For the Chairman of the respective advisory committee, these attendance fees are doubled. These amounts, defined in 2004, have remained unchanged since then and are not subject to indexation.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

These remunerations are granted on an annual basis pro rata temporis of the duration of the mandate during the year in question and are paid semi-annually.

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

As mentioned in the Corporate governance statement part of the Annual Report, our company complies with the 2020 Belgian Code on Corporate Governance with the exception of two deviations. One of these deviations is related to the provision 7.6 which stipulates that a non-executive board member should receive part of their 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.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandenborre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates.

Overview of the Directors’ remuneration

The total amount of the remunerations granted in 2019 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 1,243,509 .

The individual Directors’ gross amounts paid out to the Directors in 2019, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

These amounts have been granted based on ten Board meetings, four being extraordinary and remunerated Board meetings, and sixteen Committee meetings, five being extraordinary and remunerated Nomination & Remuneration Committees.

ACC: Audit & Compliance Committee; NRC: Nomination & Remuneration Committee; TIC: Transformation & Innovation Committee

1 Extraordinary remunerated Board meetings on January 8, July 11, September 14 and November 27, 2019

2 Extraordinary remunerated NRC meetings on July 23, October 16, November 12, November 19 and November 20, 2019

3 Total remuneration

- gross amounts on a yearly basis
- for all members of the Board, this amount includes the telecom advantage
- for the Chairman of the Board, this amount also includes the benefit in kind related to the use of a company car

4 Chief Executive Officer: the mandate of Mrs. Dominique Leroy ended on 20 September 2019. In its meeting of 27 November 2019, the Board appointed Mr. Guillaume Boutin as new CEO. The Board also co-opted on 12 December 2019 Mr. Guillaume Boutin as member of the Board until the next General Meeting of Shareholders.

Activities report and attendance to Board and Committee meetings

Name	Board (total 10 ¹)	ACC (total 5)	NRC (total 9 ²)	TIC (total 2)	Total yearly gross remuneration ³
Stefaan De Clerck	10/10	5/5	9/9	2/2	EUR 224,305
Guillaume Boutin ⁴	1/1				EUR 0
Dominique Leroy ⁴	5/5			1/1	EUR 0
Karel De Gucht	10/10			2/2	EUR 82,000
Pierre Demuelenaere	9/10	5/5	8/9		EUR 104,500
Guido J.M. Demuynck	2/2	1/1	0/1		EUR 23,025
Martin De Prycker	10/10		9/9	2/2	EUR 104,500
Martine Durez	10/10		9/9		EUR 99,500
Laurent Levaux	4/7				EUR 41,411
Tanuja Randery	3/3				EUR 26,250
Catherine Rutten	8/8	4/4			EUR 69,050
Isabelle Santens	10/10				EUR 77,000
Joachim Sonne	4/5	2/2			EUR 36,468
Agnès Touraine	10/10			2/2	EUR 82,000
Catherine Vandenborre	10/10	5/5			EUR 99,500
Luc Van den hove	9/10		3/5	2/2	EUR 84,500
Paul Van de Perre	10/10	5/5			EUR 89,500

Global reward policy and principles

Our Group has an innovative remuneration policy which is regularly assessed and updated through close cooperation with external human resources fora and universities. The remuneration policies of our employees are defined in a process of dialogue with the Board of Directors and with the social partners.

Because of our history as a public-service company, there are some differences in our dynamics and structure, compared to the private sector. This has a considerable influence on how our remuneration policy has evolved. Our Human Resources department has developed creative and adaptable programs to deal with its obligations related to the statutory employment status of some of its workforce and introduced new elements that harmonized policies between civil servants and contractual employees.

To accomplish our company goals within a highly and fast changing competitive global telecom market, we need qualified, talented and engaged employees working in close cooperation in a high performance culture. To foster this culture, it is critical to have a 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.

- The main objectives of our Global Rewards Program are:
- To drive performance that generates long-term profitable growth and create long-term value for our Group
 - To stimulate empowerment that reinforces the business strategy and desired culture
 - 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 and the promotion of the company values and culture
 - To link pay to both individual performance and the overall success of our company
 - 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 as a whole.

Our company also maintains - and modernises - powerful public sector instruments, such as work- life benefits (e.g. sick child care, hospitalization,...) and social assistance. It is the responsibility of our Work-Life department to combine the needs and responsibilities of employees and their families with those of the company and society as a whole. Over the years, we have won several awards for the continuous efforts of our company to create a balanced working environment for its staff.

The Global Rewards Program keeps up and supports this goal and mission.

Executive remuneration

Procedure for drafting of the remuneration policy and defining of the remuneration level of the members of the Executive Committee

Both the executive remuneration policy and the individual remuneration packages for the CEO and the other members of the Executive Committee are set by the Board of Directors upon recommendations from the Nomination & Remuneration Committee. The individual remuneration packages are defined according to the individual responsibilities and skills.

It consists of a balanced executive remuneration policy rewarding executives competitively and at rates which are attractive in the market, aligning the interests of management and shareholders and complying with the governance rules applicable in Belgium. As mentioned in the Corporate governance statement part of the Annual Report, our company complies with the 2020 Belgian Corporate Governance Code with the exception of two deviations. One of these deviations is related to the provision 7.9 that stipulates that the Board should set a minimum threshold of shares to be held by the executives. Because of its specific shareholdership, having the Belgian State as majority shareholder, the company opts not to be compliant with this provision.

Our company wants to attract and retain high performing top executives for its Executive Committee and wants to recognize clear role models, who deliver a high level of performance and promote the company 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 its executives 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.

A claw back stipulation is part of the contract as CEO signed with Mr. Boutin, enabling our company to recover the paid variable remuneration or to withhold the payment of this variable remuneration in case of established fraud, insofar as enforceable by law. As for the other members of the Executive Committee, current remuneration policy does not provide for a specific contractual claw back stipulation in favour of our company for the variable remuneration that might have been allocated to them on the basis of incorrect financial information. But in the future, all new employment contracts of members of the Executive Committee others



than the CEO will include a claw back stipulation similar to the one mentioned in the management services agreement of the CEO, as to comply with the Belgian companies and Associations Code.

To distinguish ourselves from other employers, our company seeks to excel in the total package offered, by providing not only a cash remuneration but also numerous other benefits.

A fundamental principle 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 mean of their variable remuneration.

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

Executive Committee’s remuneration structure

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

- Basic remuneration
- Short-term variable remuneration
- Long-term variable remuneration
- Group insurance premiums and other benefits.

The relationship between the distinct remuneration components of the CEO and of the other members of the Executive Committee is illustrated in the graphs on the right. These graphs show the relative importance of the various components of on-target remuneration.

Relative importance of various components of the on-target remuneration before employer's social contribution (end 2019)



As per their respective contract, current CEO, Mr. Boutin, and the other members of the Executive Committee are entitled to both a short-term variable remuneration and a long-term variable remuneration with equal target percentages of the basic remuneration.

As per her contract, the former CEO, Mrs. Leroy, was not entitled to a long-term variable remuneration, she was only entitled to a short-term variable remuneration which payment was spread over 3 years. The amounts of CEO variable remuneration reported later in present document are the amounts allocated to Mrs. Leroy in 2018 and 2019.

The variable remuneration of Mr. Boutin as new CEO has been aligned on the policy related to short-term and long-term variable remuneration in force for the other members of the Executive Committee.

As mentioned later in this report, the long-term variable remuneration for the Executive Committee members, CEO included, is allocated through a long-term incentives plan consisting of a long-term Performance Value Plan which awards can only be paid after a blocking period of three years based on performance criteria measured on a yearly base over this period of three years.

The design of this Performance Value Plan has been reviewed. Since the 2019 grant, in order to better reflect the Group’s achievements, additional company driven performance criteria have been added to the Total Shareholder Return, which was the only performance criterion of previous plan. These additional performance criteria consist of the Group free cash flow and the reputation index (see under “long-term variable remuneration”).

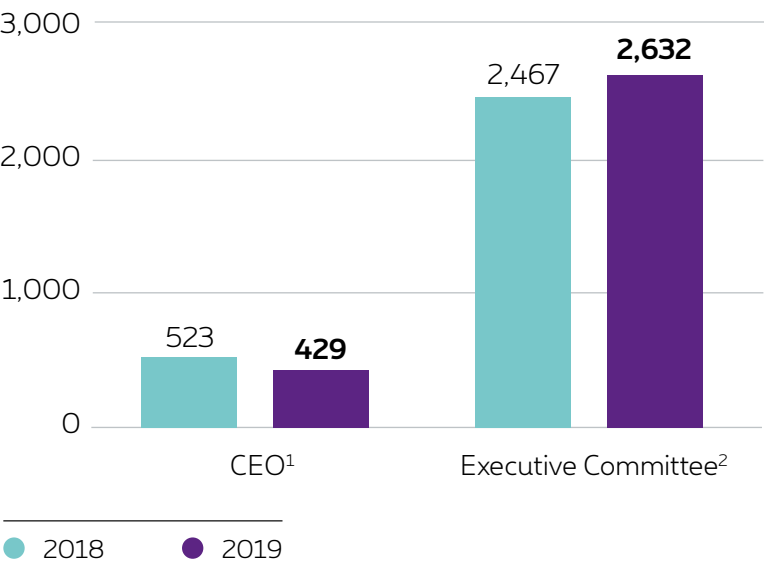
No other substantial change of the remuneration policy is expected for the coming two years.

Basic remuneration

The basic remuneration consists of a basic 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, is allocated regardless of the results and is contractually subject to the index applicable to Proximus.

The basic remuneration of the Executive Committee members is regularly reviewed by the Nomination & Remuneration Committee, based on an extensive review of performance and assessment of potential provided by the CEO, as well as on external benchmarking data on market practices. Thereby, the evolution of the basic remuneration depends on the competency level of the Executive Committee member, of his or her continued performance level, of the evolution of his or her responsibilities, as well as of the evolution of the market. Possible adjustments are always submitted to the Board of Directors for approval.

Basic remuneration in kEUR before employer social contribution



1 CEO: it should be noted that the for 2019 reported amount includes the basic remuneration of Mrs. Leroy (385 kEUR) and the basic remuneration of Mr. Boutin for 1 month (44 kEUR).

2 Members of the Executive Committee others than the CEO: year-to-year variations in the amounts are mainly resulting from the early pay-out of the vacation pay to Mr. Boutin as per the termination of his employment contract as contractual member of the Executive Committee end 2019. Besides, salary progresses also took place in 2019, as per Board of Directors’ approval.

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

Short-term variable remuneration

Short-term variable remuneration components

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 Group success.

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

Group performance – Key Performance Indicators (KPIs)

Short-term annual variable remuneration is thus partly calculated – for 60% – in relation to performance against Key Performance Indicators (KPIs) set by the Board of Directors upon recommendation of the Nomination & Remuneration Committee. These performance indicators include financial indicators as well as non-financial indicators at Group level.

The performance indicators at Group level are as follows:

- The business cash flow
- The number of new customers in voice, fix, internet and TV businesses, as well as churn reduction
- The Simplification, the Digital and the Customer Experience, measuring our progresses versus our ambition in these domains
- The “employee engagement index”, measuring on a yearly basis our employees’ engagement, agility and strategic alignment.

The achievement of these KPIs are regularly followed-up and communicated. Business cash flows is based on audited reported financial figures that are adjusted to obtain ‘underlying’ financial figures after exclusion of ‘incidentals’. Non-financial indicators are measured by internal and external agencies specialized in market and customer intelligence, of which the processes are audited on a regular basis.

The result at Group level is based on a predefined formula taking these key performance indicators into consideration according to a predefined weight per indicator.

Individual performance

On top of the Group results, the individual performance is annually evaluated in the course of the first quarter following the end of the year by the Board of Directors. This evaluation is based on the recommendations made by the Nomination & Remuneration Committee versus pre-defined measurable individual objectives and versus the promotion of our company values and culture.

The individual performance is taken into account for 40% in the short-term variable remuneration. Besides the individual differentiation in terms of talent, performance and impact on the Group performance, the Board of Directors ensures the consistency between the total allocated amount for the individual performance and the Group results.

Short-term variable remuneration allocation

The members of the Executive Committee, current CEO included, receive a target short-term variable remuneration expressed in a percentage of the basic remuneration.

The target short-term variable remuneration of current CEO, Mr. Boutin, is amounting to 40% of his basic remuneration. Given he started his mandate in December 2019, no short-term variable remuneration has been granted yet to him in the course of 2019 for his performances in his CEO role.

The amounts reported in current document as direct and deferred short-term variable remuneration allocated to the CEO are only related to Mrs. Leroy’s previous performances in her CEO role. As CEO, Mrs. Leroy was receiving a target short-term variable remuneration amounting to gross EUR 150,000, which amount was subject to the index applicable to Proximus.

As explained above, the short-term variable remuneration is allocated by the Board of Directors upon proposal of the Nomination & Remuneration Committee. The amount effectively allocated to the CEO and to the other members of the Executive Committee varies according to the Group results and to the evaluation of the individual performances 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 short-term variable remuneration target amount. In case of sustained 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 underachievement.

As per her contract, the payment of the short-term variable remuneration to Mrs. Dominique Leroy in her CEO role was spread over 3 years: 50% of her variable remuneration was related to performance indicators of the accounting year (= direct short-term variable remuneration) while the other 50% was deferred: 25% was related to performance indicators pertaining over a period of 2 years and 25% was related to performance indicators pertaining over a period of 3 years (= deferred short-term variable remuneration).

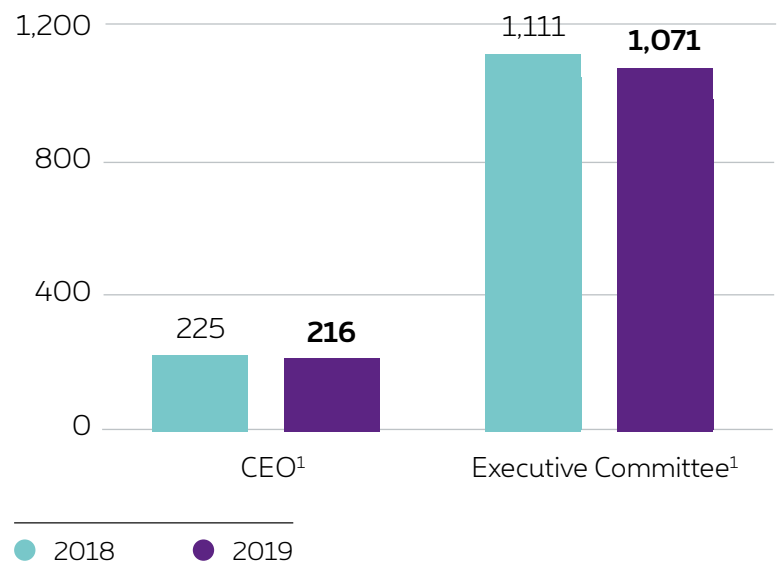
In the last couple of years, the Board of Directors did a positive evaluation of the realizations of Mrs. Leroy in her CEO role, given the overachievement of her objectives and the long term value she had created since her nomination in this role.

In 2019, a direct and a deferred short-term variable remuneration were allocated to her for respectively gross

EUR 105,859 (performance indicators related to 2018) and gross EUR 109,802 (EUR 55,792 linked to performance indicators related to 2017 and EUR 54,010 linked to performance indicators related to 2016). Upon termination of her mandate, Mrs. Leroy kept her rights in terms of short-term variable remuneration, both direct and deferred, which is due to her for the performance years 2017 to 2019 and which will be paid to her in the course of 2020.

The total short-term variable remuneration effectively allocated in 2019 to the other members of the Executive Committee (2018 performance year) amounts to gross EUR 1,070,733.

Short-term variable remuneration in kEUR before employer social contribution



¹ Members of the Executive Committee, CEO included: the variations are due to the variations in the Group KPI results over the last performance years, knowing that these results slightly decreased for performance year 2018 compared to performance year 2017.

Long-term variable remuneration

The members of the Executive Committee, current CEO included, receive a target long-term variable remuneration expressed as a percentage of the annual basic remuneration. This percentage is the same as the percentage of their target short-term variable remuneration.

The long-term variable remuneration is allocated to the members of the Executive Committee by the Board of Directors upon recommendations of the Nomination & Remuneration Committee. Various factors are considered for the decisions taken by the Board of Directors in terms of effective allocation, such as the retention of talents, the individual performance evaluations or/and the Group results. This allocation is made through a long-term incentives plan, currently consisting of a long-term Performance Value Plan which has been adopted by our company since 2013 and reviewed in 2019.

Long-term Performance Value Plan

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

Our Performance Value Plan is based on a balance between the individual and the Group performances. The design of this Performance Value Plan has been reviewed further to a benchmark analysis, aimed at a better alignment on market practices and more particularly on the practices of the other European telecommunications companies.

Since the 2019 grant, in order to reflect at best the Group’s achievements, the following performance criteria have been adopted:

- Total Shareholder Return: measured against the respective Total Shareholder Return of a basket of 10 other European telecom operators
- Group free cash flow: after tax, interests and all cash items but before M&A, exceptional items, financing activities and dividends
- Reputation index: based on 3 attributes being our fairness in the way we do business, our positive influence on the society and how we meet customer needs, and measured through the RepTrak® methodology from the Reputation Institute.

Under this Performance Value Plan, the granted awards are blocked for a period of 3 years, after which the Performance Values vest. After this vesting, the Performance Values are paid to the beneficiaries according to the final multiplier resulting from the yearly measurement of the performance criteria. This final multiplier consists in the average of the three yearly multipliers.

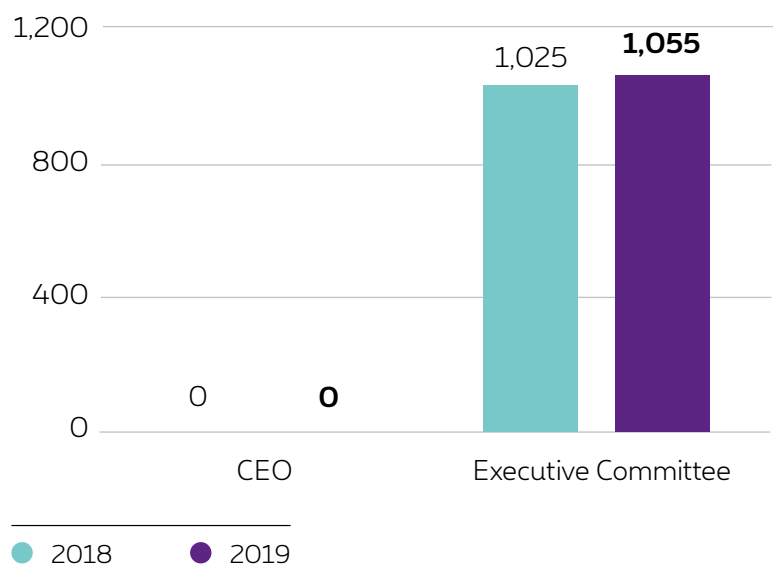
In case of final multiplier at 100%, the executives get 100% of the long -term variable remuneration originally granted to them. In case of sustained excellent Group performance over this 3-year period, the final multiplier for the long-term variable remuneration can go above the 100%, with a cap at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

The target long-term variable remuneration of current CEO, Mr. Boutin, is amounting to 40% of his basic remuneration. Given he started his mandate in December 2019, no long-term variable remuneration has been granted yet to him in the course of 2019 for his performances in his CEO role.

The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration, so no long-term variable remuneration has been granted to her since her nomination. As a consequence, there is no amount reported in current document.

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross EUR 1,025,000 in 2018 and to gross EUR 1,055,000 in 2019.

Long-term variable remuneration in kEUR before employer social contribution



Former long-term variable remuneration plan: Stock Options Plan

Stock options have been granted to the senior executives from 2004 until 2012, members of the Executive Committee included.

Only one member of the Executive Committee was still holding stock options end 2018, as shown in the table below, but now neither the CEO nor the other members of the Executive Committee hold any more stock options.

In 2018 and 2019, the CEO and the other members of the Executive Committee did not receive any Proximus shares nor Proximus stock options.

Overview of the stock options still held by the members of the Executive Committee

Stock options		Bart Van den Meersche
on January 1st, 2019		15,000
"Exercised in 2019"	Number	15,000
	Year of grant	2012
"Lapsed in 2019"	Number	
	Year of grant	
"Forfeited in 2019"	Number	
	Year of grant	
on December 31, 2019		0

The CEO, Mr. Boutin, and the other members of the Executive Committee do not hold stock options.

Group insurance premiums and other benefits

Group insurance premiums

The CEO, Mr. Boutin, participates in a complementary pension scheme which foresees an annual defined contribution expressed as a percentage of the basic remuneration. This percentage is amounting to 10%.

The other members of the Executive Committee are participating in a complementary pension scheme. This complementary pension scheme consists of a “Defined Benefit Plan” offering rights which are in line with market practices.

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.

Other benefits

Our Group wants to stimulate its executives by offering a portfolio of benefits and advantages that are competitive in the market place 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.

General overview

Below chart reflects the remuneration and other benefits allocated directly or indirectly to the members of the Executive Committee in 2019 and 2018 by the company or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

It should be noted that the global remuneration has been affected by the fact that in 2019 there was no active CEO for about 2 months while in 2018 Mrs. Leroy acted for a full year, and by the variations in terms of Group KPI results over the last performance years.

Remuneration overview of the members of the Executive Committee

Remuneration	CEO		Other members of the Executive Committee	
	2018	2019	2018	2019
Basic remuneration	EUR 522,810	EUR 429,498 ¹	EUR 2,466,946	EUR 2,632,038
Direct short-term variable remuneration	EUR 111,585	EUR 105,859	EUR 1,110,745	EUR 1,070,733
Deferred short-term variable remuneration	EUR 113,710	EUR 109,802	EUR 0	EUR 0
Long-Term variable remuneration	EUR 0	EUR 0	EUR 1,025,000	EUR 1,055,000
Retirement and post-employment benefits	EUR 180,003	EUR 157,433 ¹	EUR 494,319	EUR 529,369
Other benefits	EUR 12,438	EUR 17,619 ¹	EUR 124,172	EUR 145,588
SUBTOTAL (excl. employer’s social contribution)	EUR 940,546	EUR 820,211	EUR 5,221,182	EUR 5,432,728
Termination benefits	EUR 0	EUR 0	EUR 0	EUR 0
TOTAL (excl. employer’s social contribution)	EUR 940,546	EUR 820,211	EUR 5,221,182	EUR 5,432,728

1 It should be noted that in 2019 there was no active CEO for about 2 months: the reported amounts include the remuneration of Mrs. Leroy for about 8,5 months and the remuneration of Mr. Boutin for 1 month, while in 2018 Mrs. Leroy acted for a full year.

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.

Main provisions of the contractual relationships

Contractual agreement related to the mandate of the CEO

The mandate of Mrs. Leroy as CEO ended on 20 September 2019.

In its meeting of 27 November 2019, the Board appointed Mr. Boutin as new CEO. The Board also co-opted on 12 December 2019 Mr. Boutin as member of the Board until the next General Meeting of Shareholders.

In his CEO role, Mr. Boutin has a contract as a self-employed executive and is thus not subject to employees’ social security charges.

The CEO is bound by a non-competition clause, prohibiting him for 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, he would receive an amount equal to one year’s base salary 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 him a contractual termination indemnity equal to one year’s base fee and target short-term variable remuneration.

Main contractual terms of the other Executive Committee members

All other members of the Executive Committee are all bound by a non-competition clause prohibiting them for 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, they would receive an amount equal to six months’ base salary as compensation.

Just like the CEO, the other members of the Executive Committee are 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.

They have a contractual termination clause which foresees an indemnity of one year’s remuneration.



The Proximus share

Proximus share performance in 2019

The Proximus share closed 2019 at EUR 25.52, +8.0% compared to the last closing price of 2018 and outperforming the European Telecom sector (STOXX EUR 600 Telecom), which closed stable at +0.1%.

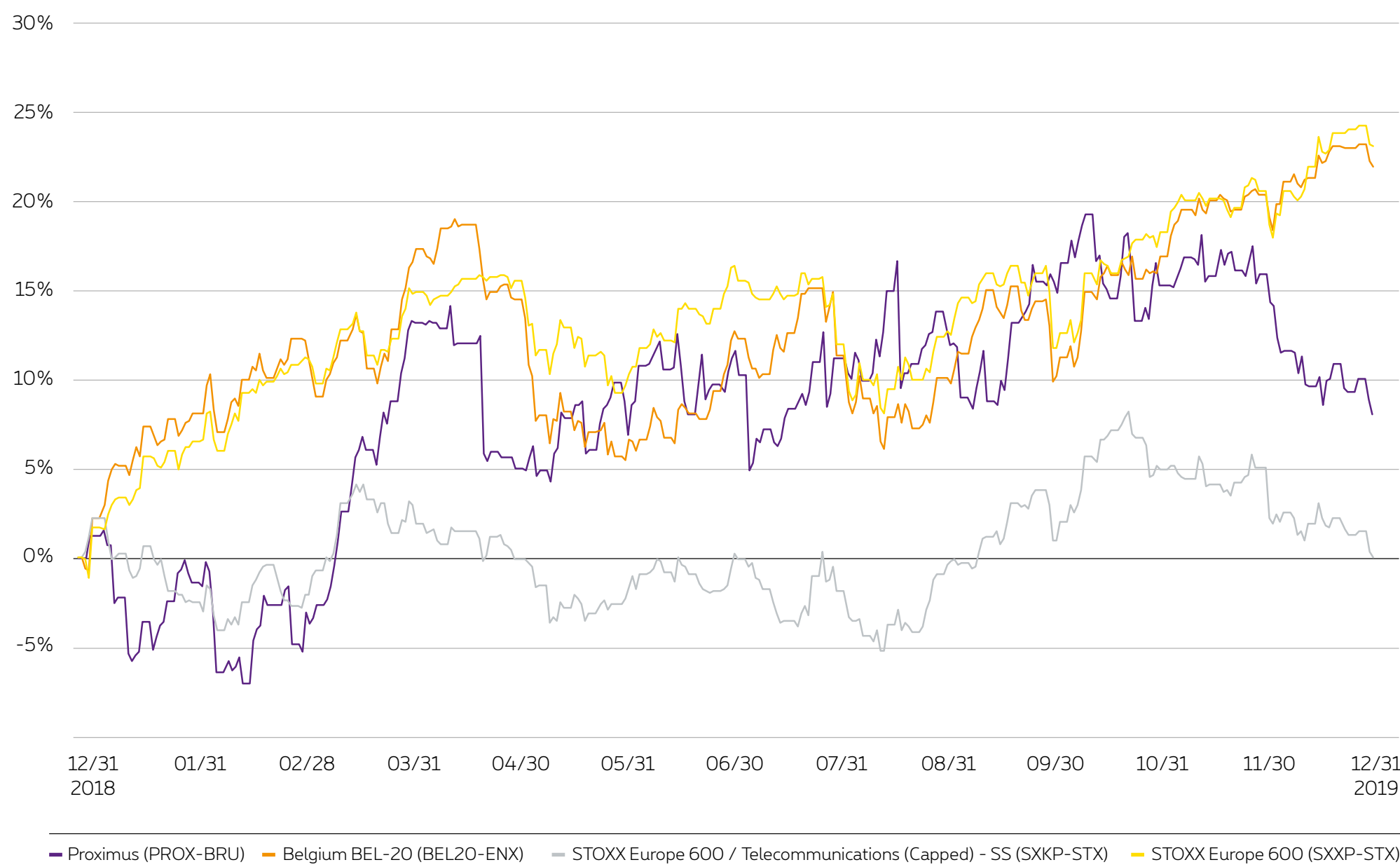
After a depressing 2018, which saw European Telecoms drop by 13%, the year 2019 ended fairly stable for European Telecoms. The underperformance compared to the overall market (SXXP) is driven by the various drawbacks the European Telecom sector faced in 2019: the difficulty to find growth opportunities, a harsh regulatory environment, expensive spectrum auctions while mobile competition remains strong, capex intensity as the sector finds itself in a Fiber investment cycle, increased leverage and concerns over dividend cuts by several operators.

Driven by a strong interest from infrastructure funds, some M&A initiatives are driving the monetization of infrastructure such as FTTH networks and mobile towers, seen as positive for the sector.

Although Proximus faces some similar challenges, with increased competitive pressure and a highly regulated environment, the Proximus share outperformed its European Telecom peers. In a bumpy market resulting from macro risks driven by trade war and Brexit news, investors showed appetite for defensive names in the Telecom sector. The Proximus share is viewed as a safe haven, providing very attractive dividend payments. In 2019, the Proximus share price also benefitted from the company’s transformation plan, its announced Mobile network sharing agreement and the delay of the spectrum auction in Belgium, with the

market considering a new mobile entrant as more unlikely. However, with the new political stance on a potential new entrant not yet confirmed, it remained an overhang on the stock price.

Proximus share price evolution 2019 vs. 3 indices (in % - rebased)



Source: Nasdaq

Share listing

Stock Market	First Market of Euronext Brussels
Ticker	PROX
ISIN code	BE0003810273
Bloomberg code	PROX BB
Nasdaq code	PROX-EB
Reuters code	PROX BR

Key figures on the Proximus share

Share information	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 IFRS15	2019 IFRS16
Share price high	28.65	29.11	27.64	24.60	23.25	32.29	35.67	31.74	32.81	28.10	21.96
Share price low	21.67	24.31	21.40	20.80	16.32	20.78	27.93	25.31	26.42	19.31	28.17
Share price at 31 December	25.32	25.13	24.24	22.21	21.55	30.1	30	27.36	27.35	23.62	25.52
Annual trading volume (number of shares)	181,364,309	138,569,376	148,786,324	142,139,111	189,753,834	178,802,905	179,825,076	157,368,090	147,754,799	169,849,252	168,509,614
Average trading volume per day (number of shares)	708,454	532,959	578,935	555,231	744,133	701,188	702,442	612,327	579,431	650,763	660,822
Number of outstanding shares	320,614,683	321,482,641	317,648,821	318,321,665	319,204,181	321,230,597	322,003,751	322,637,103	322,638,989	322,703,817	322,982,509
Weighted average number of outstanding shares	320,475,553	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006
Market capitalization at 31 December (billion EUR) ¹	8.12	8.08	7.70	7.07	6.88	9.67	9.66	8.83	8.82	7.62	8.24
Key data per share - on reported basis											
EBITDA	6.14	7.56	5.93	5.62	5.33	5.48	5.12	5.38	5.49	5.56	5.19
Earnings ²	2.82	3.94	2.36	2.24	1.98	2.04	1.50	1.62	1.62	1.58	1.16
Price/earnings at 31 December ³	8.98	6.37	10.26	9.92	10.9	14.73	20.03	16.86	16.90	15.00	22.09
Ordinary dividend (gross)	1.68	1.68	1.68	1.68	1.68	1.00	1.00	1.00	1.00	1.00	1.00
Interim-dividend (gross)	0.40	0.50	0.50	0.81	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Gross dividend yield ³	8.20%	8.70%	9.00%	11.20%	10.10%	4.98%	5.00%	5.48%	5.48%	6.35%	5.88%
Key data per share - on underlying basis											
EBITDA	NA	NA	NA	NA	NA	5.15	5.38	5.57	5.65	5.78	5.79
Earnings	NA	NA	NA	NA	NA	1.85	1.68	1.71	1.72	1.71	1.76
Price/earnings at 31 December	NA	NA	NA	NA	NA	16.28	17.87	15.96	15.92	13.78	14.51

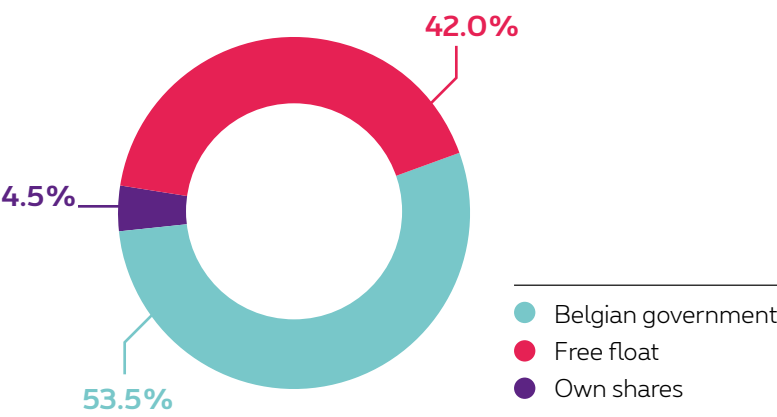
1 Calculation based on number of outstanding shares & last closing price of the respective year
2 Corresponds to the Net Income (Group Share) / weighted average number of outstanding shares
3 Based on the last closing price of the respective year

Our shareholders

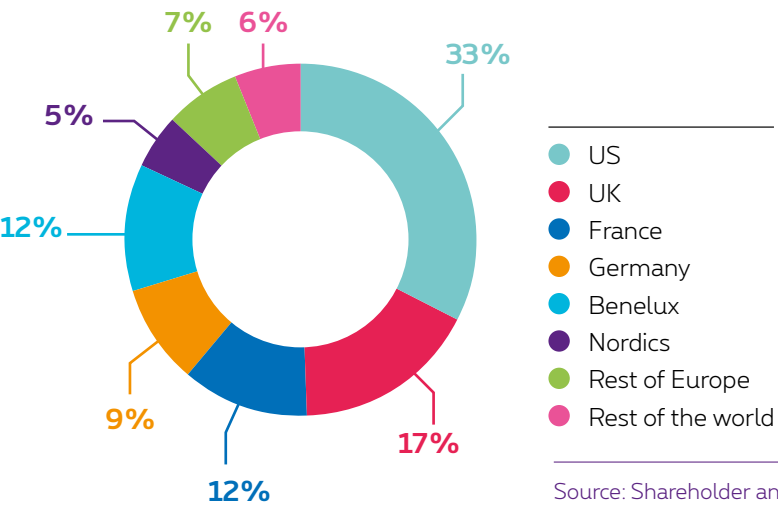
Proximus’ main shareholder is the Belgian Government, owning 53.5% of the company’s shares. Proximus itself held 4.5% of its own shares end-2019. The free float represented 42.0%, of which about 20% was held by retail shareholders.

The remainder was essentially held by institutional shareholders. Proximus’ main institutional shareholders are located in the United States and the UK, followed by the Benelux and France.

Proximus share ownership



Institutional shares per geography



Source: Shareholder analysis October 2019
% of identified institutional shareholders - Nasdaq



Proximus share ownership – 31 December 2019

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.01%	55.88%	180,887,569	180,887,569
Proximus own shares	15,042,626	4.45%	0.00%	0.22%	0	710,285
Free-float	142,094,940	42.04%	43.99%	43.90%	142,094,940	142,094,940
Total	338,025,135	100.00%	100.00%	100.00%	322,982,509	323,692,794



Evolution of treasury shares

End of period 2018	15,321,318
Changes through liquidity contract	-165,908
Options exercised during 2019	-109,751
Discount Purchase Plan employee	-3,033
End of period 2019	15,042,626

End-2019, Proximus held 15,042,626 treasury shares, representing 4.5% of the total number of shares. In the course of 2019, 3,033 treasury shares were used in a Discounted Share Purchase Plan, and 109,751 options were exercised.

The voting rights of all treasury shares are suspended by law. Proximus has 14,332,341 treasury shares that are not entitled to dividend rights and 710,285 treasury shares that are entitled to dividend rights (to cover the dividends linked to the outstanding stock options granted to key management and senior management of the Group).

Under Belgian law, companies are prohibited from owning more than 20% of their outstanding share capital.

Transparency declarations

According to Proximus' bylaws, the thresholds as from which a shareholding needs to be disclosed have been set at 3% and 7.5%, in addition to the legal thresholds of 5% and each multiple of 5%.

In 2019, Blackrock Inc. provided notification of the changes in their shareholding in Proximus as listed below. To Proximus' knowledge, no other shareholder owned 3% or more of Proximus' outstanding shares as at 31 December 2019.

Notifications of important shareholdings to be made according to the Law of 2 May 2007 or Proximus' bylaws should be sent to:

- FSMA on trp.fin@fsma.be
- Proximus on investor.relations@proximus.com

				Voting rights		Total incl. equivalent financial instruments	
Date on which threshold was crossed:	Notified on:	Notifier	Reason for notification:	nr of voting rights after the notified transaction:	% of voting rights in total of 338,025,135 voting rights	nr of voting rights after the notified transaction:	% of voting rights in total of 338,025,135 voting rights
19/12/2019	24/12/2019	Blackrock Inc.	>5%	17,143,882	5.07%	19,014,279	5.63%
28/11/2019	02/12/2019	Blackrock Inc.	<5%	16,622,580	4.92%	18,841,194	5.57%
05/11/2019	06/11/2019	Blackrock Inc.	>5%	17,087,015	5.05%	18,737,209	5.54%
29/10/2019	30/10/2019	Blackrock Inc.	<5%	16,874,037	4.99%	18,426,526	5.45%
28/10/2019	29/10/2019	Blackrock Inc.	>5%	16,995,563	5.03%	18,856,474	5.58%
25/10/2019	29/10/2019	Blackrock Inc.	<5%	16,432,282	4.86%	18,432,324	5.45%
23/10/2019	29/10/2019	Blackrock Inc.	>5%	17,064,342	5.05%	19,037,141	5.63%
22/10/2019	22/10/2019	Blackrock Inc.	<5%	16,754,310	4.96%	18,653,153	5.52%
21/10/2019	22/10/2019	Blackrock Inc.	>5%	16,949,847	5.01%	18,855,890	5.58%
29/08/2019	30/08/2019	Blackrock Inc.	<5%	16,795,501	4.97%	17,976,677	5.32%
28/08/2019	30/08/2019	Blackrock Inc.	>5%	17,045,010	5.04%	18,258,064	5.40%
27/08/2019	29/08/2019	Blackrock Inc.	<5%	16,683,747	4.94%	17,896,801	5.29%
14/08/2019	16/08/2019	Blackrock Inc.	>5%	17,041,681	5.04%	18,091,626	5.35%
09/08/2019	12/08/2019	Blackrock Inc.	<5%	16,794,614	4.97%	17,913,311	5.30%
07/08/2019	08/08/2019	Blackrock Inc.	>5%	17,021,048	5.04%	18,211,746	5.39%
31/07/2019	02/08/2019	Blackrock Inc.	<5%	16,858,074	4.99%	18,121,841	5.36%
25/07/2019	29/07/2019	Blackrock Inc.	>5%	16,965,558	5.02%	17,918,272	5.30%
22/07/2019	23/07/2019	Blackrock Inc.	<5%	16,884,324	4.99%	17,995,963	5.32%
29/04/2019	30/04/2019	Blackrock Inc.	>5%	17,432,352	5.16%	19,202,094	5.68%
18/04/2019	23/04/2019	Blackrock Inc.	<5%	16,887,851	5.00%	18,820,870	5.57%
12/04/2019	15/04/2019	Blackrock Inc.	>5%	17,346,680	5.13%	19,253,083	5.70%
10/04/2019	11/04/2019	Blackrock Inc.	<5%	16,700,942	4.94%	18,781,359	5.56%
09/04/2019	11/04/2019	Blackrock Inc.	>5%	17,107,548	5.06%	19,270,713	5.70%
08/04/2019	09/04/2019	Blackrock Inc.	<5%	16,847,669	4.98%	18,887,250	5.59%
04/04/2019	05/04/2019	Blackrock Inc.	>5%	17,088,393	5.06%	19,071,152	5.64%
02/04/2019	04/04/2019	Blackrock Inc.	<5%	16,295,751	4.82%	18,399,174	5.44%
06/02/2019	07/02/2019	Blackrock Inc.	>5%	16,911,141	5.00%	19,027,644	5.63%
04/02/2019	05/02/2019	Blackrock Inc.	<5%	16,891,165	5.00%	18,994,349	5.62%
01/02/2019	04/02/2019	Blackrock Inc.	>5%	16,970,776	5.02%	19,054,008	5.64%
31/01/2019	01/02/2019	Blackrock Inc.	<5%	16,886,812	5.00%	18,976,357	5.61%
15/01/2019	16/01/2019	Blackrock Inc.	>5%	17,214,724	5.09%	19,151,839	5.67%
09/01/2019	10/01/2019	Blackrock Inc.	<5%	16,663,920	4.93%	18,915,341	5.60%
07/01/2019	08/01/2019	Blackrock Inc.	>5%	17,065,307	5.05%	19,140,722	5.66%

Shareholder remuneration

On 20 February 2020, the Board of Directors approved to propose to the Annual General Shareholders’ Meeting of 15 April 2020 to return over the result of 2019 a gross dividend of EUR 1.50 per share, of which EUR 0.50 interim dividend per share was paid in December 2019.

After approval by the Annual Shareholders’ Meeting, the normal dividend of EUR 1.00 per share will be paid on 24 April 2020, with record date on 23 April 2020 and ex-dividend date on 22 April 2020.

This brings the total declared dividend over the result of 2019 to EUR 486 million.

Investor Relations

Proximus Investor Relations (IR) aims at ensuring open communication with the Belgian and international investment world on a regular basis. Through transparent, consistent dialog with investors and financial analysts, the Group strives for a fair share value based on high-quality financial information.

To keep Proximus’ current and potential shareholders informed, Proximus’ management speaks to the financial community on a regular basis. Each quarterly results announcement is followed by a conference call or investor/analyst presentation during which maximum time is reserved for a “questions & answers” session. Twice a year, typically following the full-year and half-year results, Proximus organizes a roadshow with top management covering the most important money centers of Europe and the United States.

Furthermore, Proximus has participated in several major international investment conferences. In between these events, meetings and conference calls are held with senior management. In all these activities, management is supported by the Investor Relations team (IR).

The Proximus IR team offers daily support to the retail and institutional shareholders as well as to the sell-side analysts.

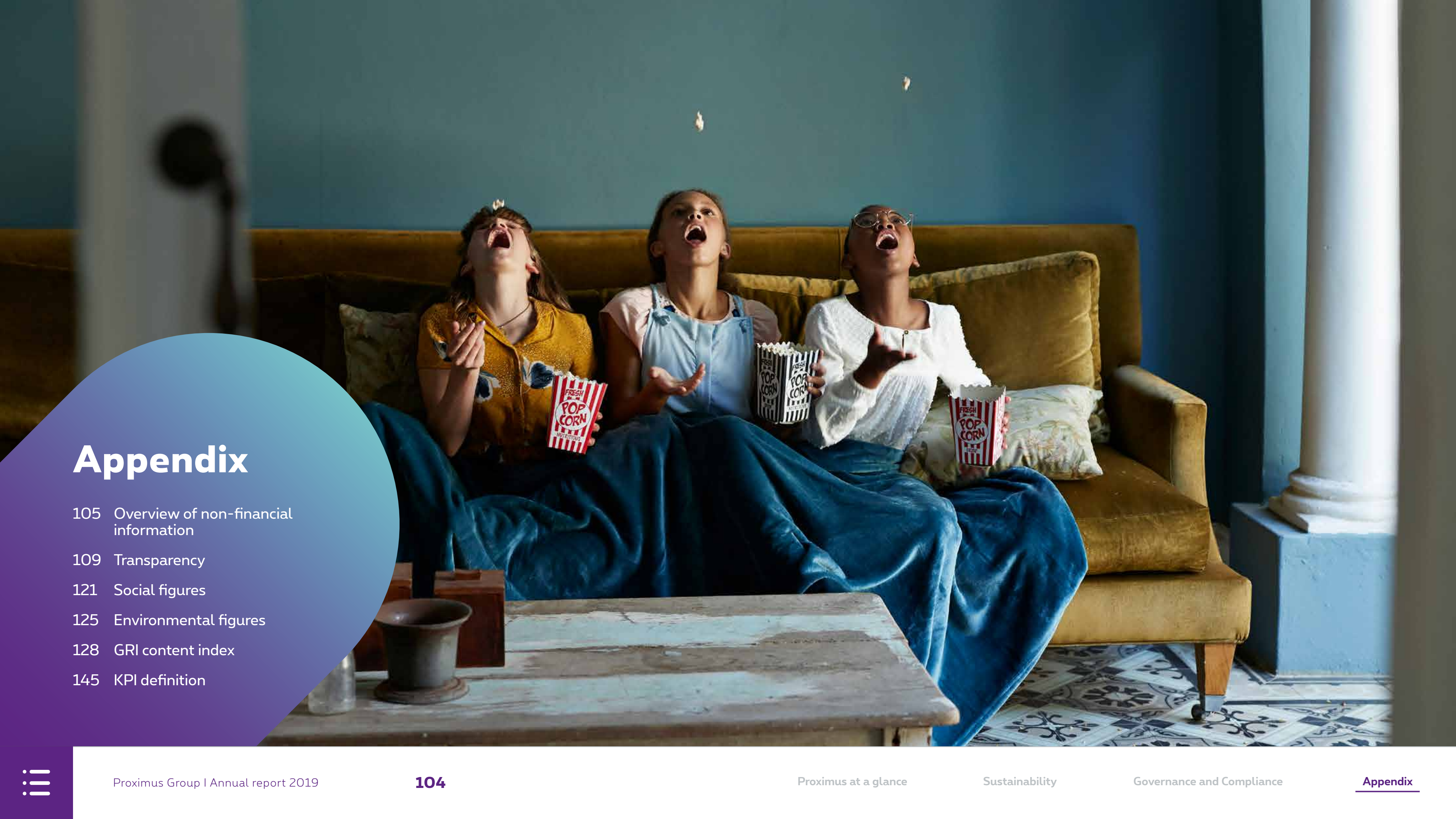
A strict quiet period is observed before the communication of the quarterly results. The start of the quiet period is published on the Proximus Investor Relations website.



Financial calendar¹

31 March 2020	Capital Markets Day
13 April 2020	Start of quiet period ahead of Q1 2020 results
15 April 2020	Annual Shareholders’ Meeting
24 April 2020	Dividend payment
30 April 2020	Announcement of Q1 2020 results
13 July 2020	Start of quiet period ahead of Q2 2020 results
31 July 2020	Announcement of Q2 2020 results
12 October 2020	Start of quiet period ahead of Q3 2020 results
30 October 2020	Announcement of Q3 2020 results

¹ Note that these dates may be subject to change.



Appendix

- 105 Overview of non-financial information
- 109 Transparency
- 121 Social figures
- 125 Environmental figures
- 128 GRI content index
- 145 KPI definition

Overview of non-financial information

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
Enabling a better digital life									
p.24	Digital infrastructure	Innovation and sustainable infrastructure	4G indoor coverage	For competitive reasons we do not wish to disclose targets on our infrastructure investments.	99.6%	99.6%	For competitive reasons we do not wish to disclose targets on our infrastructure investments	Indirect economic impacts	9. Industry, Innovation & Infrastructure
			4G outdoor coverage		100%	100%			
			Fixed Internet: 70 Mbps coverage		76%	73%			
			Average VDSL2 speed		79.2 Mbps	75.8 Mbps			
			Vectoring coverage in Belgium		90.1%	88.6%			
p.29	Digital innovation	Digital competitiveness of companies and institutions	IoT connections	1.8 Million	1.82 Million	1.36 Million	2.0 Million	Indirect economic impacts	9. Industry, Innovation & Infrastructure
			Number of projects with universities/education institutes	Not available	20	39	Not available		
p.26	Digital trust	Privacy and data security	International recognized certifications related to cyber security (ISO 27001 and Trusted Introducer certifications)	5	5	6	Not available	Customer privacy Cyber security	11. Sustainable Cities & Communities
			Phishing exercises. Employee awareness results: employees who informed CSIRT	Not available	2,480	1,113		Training and education	8. Decent Work and Economic Growth



Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
Caring for our stakeholders									
p.41	Ethical business conduct	Business conduct and ethics	Number of cases investigated by the Investigations department for violation of policies/code of conduct	Not available	38	29	Not available	Anti-corruption	8. Decent Work and Economic Growth
			Number of whistleblowing cases	Not available	7	7	Not available		
p.33	Customer first	Quality products and services	Blended usage satisfaction (residential customers)	Not disclosed	93.5%	94.6%	Not disclosed	Economic performance Customer health and safety	3. Good Health
		Pricing and billing transparency	Customer complaints	Not disclosed	-18% vs '18	-6% vs '17	-8% vs '19		
		Customer relationship	MyProximus active users	Not disclosed	1.6 Million	1.48 Million	Not disclosed	Anti-competitive behavior	
			Field repairs	Not disclosed	-14% vs '18	-6% vs '17	-7% vs '19		
		Responsible marketing	# complaints from JEP (# of which justified)	Not available	2 (1)	7 (2)	Not available		
p.36	Employee care	Human capital and employee development	Employees using Office365 OneDrive	74%	85%	79%	Not disclosed	Employment Labor/ Management relations	8. Decent Work and Economic Growth
			Employees actively looking for knowledge or people by using our enterprise social network (#WAP)	95%	98%	96%	Not disclosed		
		Health and safety	Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations outside the building	Not available	92.5%	90.5% %	Not available	Training and education Occupational health and safety	3. Good Health

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
p.36	Employee care	Human capital and employee development	Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations within the building	Not available	91.8%	89.7%	Not available	Employment Labor/ Management relations	8. Decent Work and Economic Growth
			Internal mobility	Not available	519	983	Not available		
		Health and safety	Frequency rate of occupational accidents	Stable in relation to previous year	6.51	6.8	Stable in relation to previous year	Training and education	3. Good Health
			Severity rate of occupation accidents	Stable in relation to previous year	0.11	0.28	Stable in relation to previous year	Occupational health and safety	
Contributing to society									
p.44, 46, 47	Digital for all	Connectivity and digital inclusion	Percentage of accessible tested devices (at least for 1 disability category)	90%	100%	91%	90%	Local communities	9. Industry, Innovation & Infrastructure
			Number of job seekers supported by our initiatives in Belgium	350	862	404	Over 800		11. Sustainable Cities & Communities
			Number of sick children connected to their school by Bednet and Take Off	Over 1,000	1,164	Over 1,000	Over 1,100		

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact / SDG
Respecting our planet									
p.52 Environmental figures, p.125-126	Being CO ₂ neutral	Sustainability, energy & circularity	Electricity used which came from renewable energy sources	100%	100%	99%	100% in 2020	Energy	13. Climate Action
			Carbon neutrality level for own operations and business travel	100%	100%	100%	100%		
			Carbon emissions scope 1+2 compared to previous year	-4%	-5%	-16%	-4% yearly		
			Energy consumption compared to 2008	Not available	-30%	-27%	Continuous improvement		
p.54 Environmental figures, p.127	Being circular	Sustainability, energy & circularity	Percentage of waste recycled, reused or composted	Not available	87%	87%	90% by 2025	Materials	12. Responsible Consumption and Production
			Collected mobile phones	Not available	31,475	18,279	100,000 by 2020		
			Refurbished modems and TV decoders	Not available	336,000	405,544	Not available		
p.56 Environmental figures, p.127	Sustainable supply chain	Sustainable supply chain	Percentage of suppliers screened using social criteria (incl. working conditions, human rights, etc.) who received a silver or gold recognition level	80%	85%	87%	80%	Supplier environmental assessment Human rights assessment Supplier social assessment	12. Responsible Consumption and Production
			Percentage of suppliers screened using environmental criteria who received a silver or gold recognition level	80%	75%	83%	80%		13. Climate Action

Transparency

About this report

Scope of the sustainability information

The purpose of this report is to inform our stakeholders about our contribution to society, in relation with our ambition, sense of purpose and goals. Our stakeholders are all the individuals and organizations affected by our operations or with whom we have a relationship. These include but are not limited to: customers (both corporate and residential), employees, shareholders, suppliers, the press, government representatives & institutions, partners and social organizations. For more information on how we maintain our relationship with our stakeholders, see the section on stakeholder dialogue.

This report has for scope the Proximus Group, including the subsidiaries in which Proximus has a majority shareholding. Unless stated otherwise, references to Proximus should be read as referring to the Proximus Group, except for the sections “Overview of non-financial information” and “GRI content index” which are focused on Proximus in Belgium unless stated otherwise. In this report (including all its appendix), Proximus S.A. refers to the activities of the Proximus Group in Belgium. In the Netherlands, our division is called Telindus Netherlands.

In Luxembourg, we operate as Proximus Luxembourg under the brand names Tango and Telindus Luxembourg. Internationally, we are active through our affiliate, BICS. We also have other affiliates integrated in our Entreprise Business Unit such as Be-Mobile, Davinsi Labs, Umbrio, Codit, etc.

For our financial information, we include new acquisitions in our report as of the first full year of ownership.

Reporting criteria non-financial information

The Annual Report is published in March 2020. For the sustainability information included in this report we followed the indications of the Global Reporting Initiative (GRI) guide. We comply with the EU Directive Non-Financial Reporting (translated in the Belgian law of 3rd September 2017) and integrated all elements in our Annual Report.

EU Directive 2014/95/EU: Non-Financial Information and Diversity information reference table, translated in the Belgian law of 3rd September 2017

Requirements EU Directive	Subtopic	Chapter / Page reference
A brief description of the business model	The business environment	Foreword from our CEO & Chairman, p.5-7 Key achievements, p.16-19
	Organization and structure	Proximus at a glance, p.8-11 Proximus governance model, p.59
	Markets where the undertaking operates	Proximus at a glance, p.8-11
	Objectives and strategies	Foreword from our CEO & Chairman, p.5-7 Proximus at a glance, p.8-11 Key achievements, p.16-19 Contributing to society while creating value for our stakeholder, p.22
	Main trends and factors that may affect the undertaking’s future development	Risk management report, p.79-87 Foreword from our CEO & Chairman, p.5-7 Management report, (available on our website)

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence	Caring for our employees, p.36-40 Risk management report, p.82-83 Remuneration report, p.88-96
	The outcome of those policies	Caring for our employees, p.36-40
	Principle risks in own operations and within value chain	Caring for our employees, p.36-40 Social figures, p.121-124 Risk management report, p.82-83
	How risks are managed	Caring for our employees, p.36-40 Risk management report, p.82-83
	Non-financial key performance indicators	Caring for our employees, p.36-40 Social figures, p.121-124 Risk management report, p.82-83 Overview of non-financial information, p.106-107
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Respecting our planet, p.51-56 Risk management report, p.85-86
	The outcome of those policies	Respecting our planet, p.51-56 Environmental figures, p.125-127
	Principle risks in own operations and within value chain	Respecting our planet, p.51-56 Environmental figures, p.125-127 Risk management report, p.85-86
	How risks are managed	Respecting our planet, p.51-56 Environmental figures, p.125-127 Risk management report, p.85-86
	Non-financial key performance indicators	Respecting our planet, p.51-56 Environmental figures, p.125-127 Overview of non-financial information, p.108

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due diligence	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	The outcome of those policies	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	Principle risks in own operations and within value chain	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	How risks are managed	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	Non-financial key performance indicators	Ethical business conduct, p.41 Risk management report, p.85 Sustainable supply chain, p.56 Overview of non-financial information, p.106

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence	Ethical business conduct, p.41 Proximus governance model, p.59
	The outcome of those policies	Ethical business conduct, p.41
	Principle risks in own operations and within value chain	Ethical business conduct, p.41 Risk management report, p.79-87
	How risks are managed	Ethical business conduct, p.41 Risk management report, p.79-87
	Non-financial key performance indicators	Ethical business conduct, p.41 Risk management report, p.79-87 Overview of non-financial information, p.106 GRI content index, p.133
Insight into the diversity	A description of the policies pursued	Caring for our employees, p.36-40 Proximus governance model, p.59 Remuneration report, p.88-96
	Diversity targets	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96
	Description of how the policy is implemented	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96
	Results of the diversity policy	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96 Social figures, p.121-124

The following of the indications of the GRI guide means that Proximus reports on all general standard disclosures related to identified highly material topics.

The way through which we defined our highly material topics and thus the contents of this integrated report is described below in the Materiality Determination section. The overview of the GRI linked to this report can be found in GRI content index. This index specifies the boundaries of each highly material topics, as well the GRI indicators which were omitted from this report (including clarifications).

Proximus prepared this integrated report by following the indications of the GRI guide, including where relevant or available data for 2019.

Scoping and calculation methodologies for environmental figures

Accuracy

Since many years we adopt the principle of best available data quality.

Carbon emissions scopes 1 and 2

Measurement of the Group’s CO₂ emissions is based on the guidelines of the Greenhouse Gas Protocol.

We measure all activities that are subject to operational control. This not only concerns emissions in Belgium, but also, since 2010, the CO₂ emissions of Proximus Group subsidiaries outside Belgium. Their consumption represents 7% of the Group’s total energy consumption.

Reporting on environmental figures for the group subsidiaries is done depending on data availability and quality. This is positively evolving over the years, in the sense that more and more subsidiaries are monitoring their environmental impact.

The carbon footprint of the subsidiaries TeleSign, Davinsi Labs and Unbrace, all acquired in 2017 and Codit acquired in 2018 is not material and not included in the figures.

The CO₂e consumption represents a CO₂ equivalent emission figure of all greenhouse gases combined, i.e. CO₂, CH₄, N₂O, HFCs, PFCs, SF₆. The gases of primary interest for Proximus are CO₂ and HFCs, but CH₄ and N₂O are also included in the calculation.

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/renewable energy	GWP	Source emission factors	External audit assurance level
Scope 1 – Direct emissions						
Car fleet fuel	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Base Carbone + Bilan Carbone adjusted with the gradual addition of biofuel BE	Limited
Heating of building installations	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Gas: GHG protocol heating fuel: Base Carbone + Bilan Carbone	Limited
Cooling of building installations-refrigerants	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Bilan Carbone	Limited
Scope 2 – Indirect emissions						
Emissions released during the generation of electricity that is purchased by the company	High	Proximus Group/ 100%	Renewable energy sources: 100% Offset by carbon credits – Gold Standard: 1%	AR5 IPCC	IEA (CO ₂ emissions from fuel combustion – highlights) - 2019	Limited

Carbon emissions scope 3

Proximus reports on all relevant scope 3 figures according to the scope 3 corporate value chain standard of the GHG protocol (www.ghgprotocol.org), Bilan Carbone and other relevant emission factors.

Scope 3 refers to the upstream and downstream GHG emissions which are indirectly generated by Proximus. Given that we are dealing with indirect emissions, the possible impact from Proximus in reducing the emissions varies from low to

high, and the choice of suppliers and solutions plays a key role. For most of the scope 3 categories only the operations in Belgium are taken into account.

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/renewable energy	GWP	Source emission factors	External audit assurance level
Scope 3 - Cat. 1						
Resource extraction, transportation and production of purchased goods and services	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	LCA based (customer products), Bilan carbone, IEA, Carnegie emission factors	Limited
Scope 3 - Cat. 2						
Acquired investments	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Carnegie emission factors, IEA	Limited

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/renewable energy	GWP	Source emission factors	External audit assurance level
Scope 3 - Cat. 3						
Extraction, production and transportation of direct fuels and electricity purchased by the Proximus Group, non-reported in scopes 1 and 2. Network losses, among others, are included transportation	High	Proximus Group/ 100%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 4						
Transportation of subcontractors for network activities	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone EEIO model (other subcontractors fall within Cat.1)	Limited
Scope 3 - Cat. 5						
Treatment of waste flows	Medium	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone	Limited
Scope 3 - Cat. 6						
Aircraft and trains for business travel	Low	Proximus in Belgium/ 95%	100% carbon credits - Gold Standard	AR5 IPCC	Official figures of travel agency	Limited
Scope 3 - Cat. 7						
Employee commuting. Company cars are accounted for in scope 1	High	Proximus Group 98%	None	AR5 IPCC	Bilan carbone	Limited
Scope 3 - Cat. 11						
Energy consumption of customers' Proximus devices (modems, set-top boxes and mobile phones)	High	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone, IEA	Limited
Scope 3 - Cat. 12						
Processing of products (end of life): included in cat.5	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	Limited
Scope 3 - Cat. 15						
Investments: included in cat.2	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	Limited
Scope 3 – Cat. 8, 9, 10, 13, 14						
N.A.	N.A.	N.A.	N.A.	AR5 IPCC	N.A.	N.A.

Gold Standard carbon credits

By being carbon neutral means we will first of all continue reducing our carbon emissions but will offset what is left over by supporting international projects that fight global warming.

In practice, this has allowed the Proximus Group to become a climate-neutral company for its car fleet, electricity, heating, refrigerants (scopes 1 and 2) and for business travel (scope 3) since 2016.

Proximus is the main driving force behind the development of the multiannual ‘Gold Standard’ certified climate project called the TEG Stove project. More info: www.tegstove.org

In this specific region in Benin, where 69% of the population lives in poverty, 91% of households use wood as an energy source and there is very limited access to electricity.

The TEG STOVE is an efficient cookstove on which a thermo-electric generator (TEG) is installed as an extra. Thanks to this TEG module, part of the heat is converted into electricity, which can be used for charging smartphones or LED lamps.

The LED lamps can be used in the evening to light homes or for reading. They replace dangerous and polluting paraffin lamps. Intensive research is being conducted to find the most efficient way to design and use this TEG module with a view to integrating it into a growing number of cookstoves.

In 2019, 400 households were provided with improved cookstove compared to 1,700 in 2017 and 1,200 in 2018.

The use of these cookstoves is registered and serves as proof for the issuance of carbon credits.

The budget made available for carbon credits by Proximus allows 100 times more CO₂ to be reduced in developing countries as compared to Belgium. This is because the cost of setting up

CO₂-friendly projects in Africa is lower, and current energy efficiency in the region can also be dramatically improved. We also support cookstove projects in Uganda, Malawi and rural Asia. The benefits are mainly forest conservation, improved air quality, health, employment and quality of life.

The projects were also selected because they contribute to several Sustainable Development Goals. More info:www.tegstove.org

Another project we support is the stove project in Uganda, in which efficient cookstoves drastically reduce the use of firewood. The benefits are mainly forest conservation and improved air quality, health, employment and quality of life. We also support cookstove projects in Malawi and China.

Energy conversion factors¹
Electricity

Calculation based on the invoices of energy suppliers and internal energy management system GENY (Belgian activities).

Electricity savings within the organization
Calculation based on actions undertaken during the reporting period calculated over a window of 12 months. The savings projects were implemented in the course of the reporting year, hence the results only become material in the current and following reporting year, but the order of magnitude remains comparable on a year-by-year basis.

The infrastructure savings are calculated based on the directly measured electricity consumption and an estimated indirect consumption such as for cooling before and after the savings operation. For multiple installations, the consumption of one type installation is multiplied by the total number of installations.

Electricity savings sold products
The baseline for the calculation of savings related to the

electricity consumption of TV decoders installed at customer premises is based upon the formula described in the EU Code of Conduct for digital TV services, the technical consumption data provided by the vendor and the installed base devices by type at customer premises.

Transport
Calculation based on invoices and reports of the supplier, based on fuel card consumption or expense statements.

Heating
Calculation based on supplier billing data:

- Gas: meter readings
- Heating oil: heating oil tank refills

Waste calculation
Monthly bills and certificates of waste processors are combined into a single annual report, which is then updated with additional information received from the waste processors:

- The average weights of the subscriptions and the individually measured weights of the waste collections.
- Distinction between hazardous and non-hazardous waste.
- Processing method such as composting, recycling, reprocessing, reuse or residual waste with energy recovery.
- Additional reduction in residual waste through a posteriori sorting of the residual waste by the waste processor into recyclable categories such as wood, metal, paper, etc.

Environmental management system
Proximus’ environmental management system is made up of different components. There are different parties involved and the system has a variety of tools and resources.

Stakeholders

- The Corporate Social Responsibility (CSR) department, with a strong focus on environmental issues and CO₂ reduction
- The corporate prevention & protection department, including the environmental department

- The internal audit department, which reports to the Board of Directors and carries out audits on all kinds of environmental aspects at the request of the environment or CSR departments, the Board of Directors, or the Executive committee
- Government-accredited independent external organizations, which audit our waste policy and procedures (packaging, WEEE, batteries).

Resources and activities

- Procedures, guidelines, plans and campaigns related to environmental issues (mobility campaigns, surveys and info sessions for employees to further promote the use of public transport and bicycles).
- New packaging waste prevention plan 2016-2019 for IVCIE and awareness campaigns on waste recycling,
- Anti-pollution plan in the event of severe air pollution in the Brussels Region,
- Environmental policy,
- Field visits concerning environmental issues such as hazardous products, waste and control of permits,
- Communication channels: intranet news, toolboxes, internal reporting to the executive committee,
- Integrated management system, ISO9001 certificate,
- Environmental clauses in purchasing procedures concerning waste reduction, such as recycling, eco-design and life cycle,
- Noise studies and control measurements to ensure compliance with noise standards and limit disturbance for neighbours,
- Soil survey for high-risk installations,
- E-learning module on the impact of mobile and wireless telephony on the health of employees.

1 CDP Technical Note: Conversion of fuel data to MWh

Sustainable Development Goals integration, materiality determination and stakeholder dialogue

Integrating the UN’s Sustainable Development Goals

We have integrated the realization of the United Nations’ Sustainable Development Goals (SDGs) in our sustainability strategy, linking them to our four strategic area’s: Enabling a better digital life, Caring for our stakeholders, Contributing to society and Respecting our planet.

SDG	SDG goal	Strategic relevance for Proximus	Link to our sustainability framework
	Ensure healthy lives and promote well-being for all at all ages	With concerns surrounding radiation and health around the arrival of 5G, we want to play our role in informing customers about electromagnetic waves as well as providing precautionary measures.	Caring for our stakeholders
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	The re-skilling of the Belgian workforce is a challenge we must participate in to ensure we have the skills needed for the digital economy & society of tomorrow. We invest in upskilling our workforce. We also pilot re-skilling initiatives for young job-seekers such as MolenGeek or School 19.	Caring for our stakeholders Contributing to society
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We know that the jobs of the future will be digital. We work with many associations to re- and up-skill the Belgian population to sustain Belgian economic growth and increase the number of digital talents. In that way, we contribute to driving the digital transformation of our economy & industry. We are also a major employer and as such contribute to the Belgian economic ecosystem.	Caring for our stakeholders
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	We build future-proof digital infrastructure and invest in the newest technologies, innovative platforms & solutions. Those are critical enablers of a digital economy & society, in which Belgium is still lagging.* In addition, we support innovation ecosystems to foster Belgium companies & inventions.	Enabling a better digital life
	Make cities and human settlements inclusive, safe, resilient and sustainable	We contribute to building smarter cities and smart solutions that answer societal challenges & support local communities.	Enabling a better digital life Contributing to society
	Ensure sustainable consumption and production patterns	We have a clear ambition to become fully circular by 2030. To do so, we set strict goals to reduce our waste, recycle our construction materials, etc. We also impose strict standards throughout our supply chain and partner with suppliers respecting our standards.	Respecting our planet
	Take urgent action to combat climate change and its impacts	Climate change is a key issue for us. We want to be a leading company in addressing climate change and we are committed to further reduce our negative environmental impact. We do this by extending our CO ₂ neutral ambition to a net positive and by becoming a truly circular company.	Respecting our planet

*DESI-index 2019

Materiality determination

In 2018, we proceeded to a materiality assessment process with external expert assistance, enabling us to further report on the most relevant topics. The assessment concluded in a materiality matrix, which was also validated by our Board of Directors. The process consisted of four steps:

1

External analysis

First an external materiality view was taken not only capturing Proximus’ sustainability issues but also the ones of the industry as a whole. A media analysis as well as a peer review and reputation survey were taken into account.

Relevant topics, on which Proximus can have an impact in society were identified. Based upon this subsequently a shortlist could then be validated with internal stakeholders.

2

Internal materiality workshop

We organized a well prepared, semi-structured and facilitated workshop thereby mapping our stakeholders and highly material topics. The workshop included representatives of all the business units, management and support functions of Proximus.

We started from the aforementioned long list of highly material topics and stakeholders obtained in the external analysis, which we then plotted to define those that are truly key.

3

Integrated materiality matrix

The integrated materiality matrix combines the external analysis and the results of the internal materiality workshop into one materiality matrix. It provides a comprehensive overview of the most highly material topics taken from both views.

The combination of the horizontal axis and the vertical axis determines the degree of impact that Proximus has with the topic on society. In a simplification exercise to ensure we direct our strengths where most needed, we decided to focus our actions & reporting on the topics of the upper right quadrant, which are most material for our stakeholders and the impact Proximus can have. The definition of those highly material topics as well as their boundary can be found on the next page.

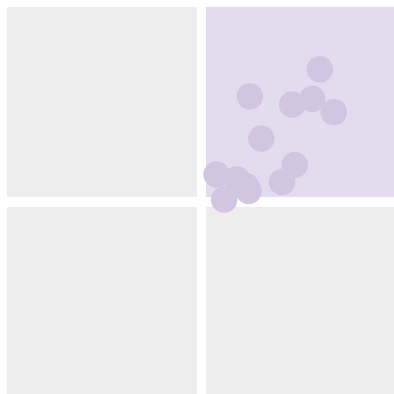
4

Implementation

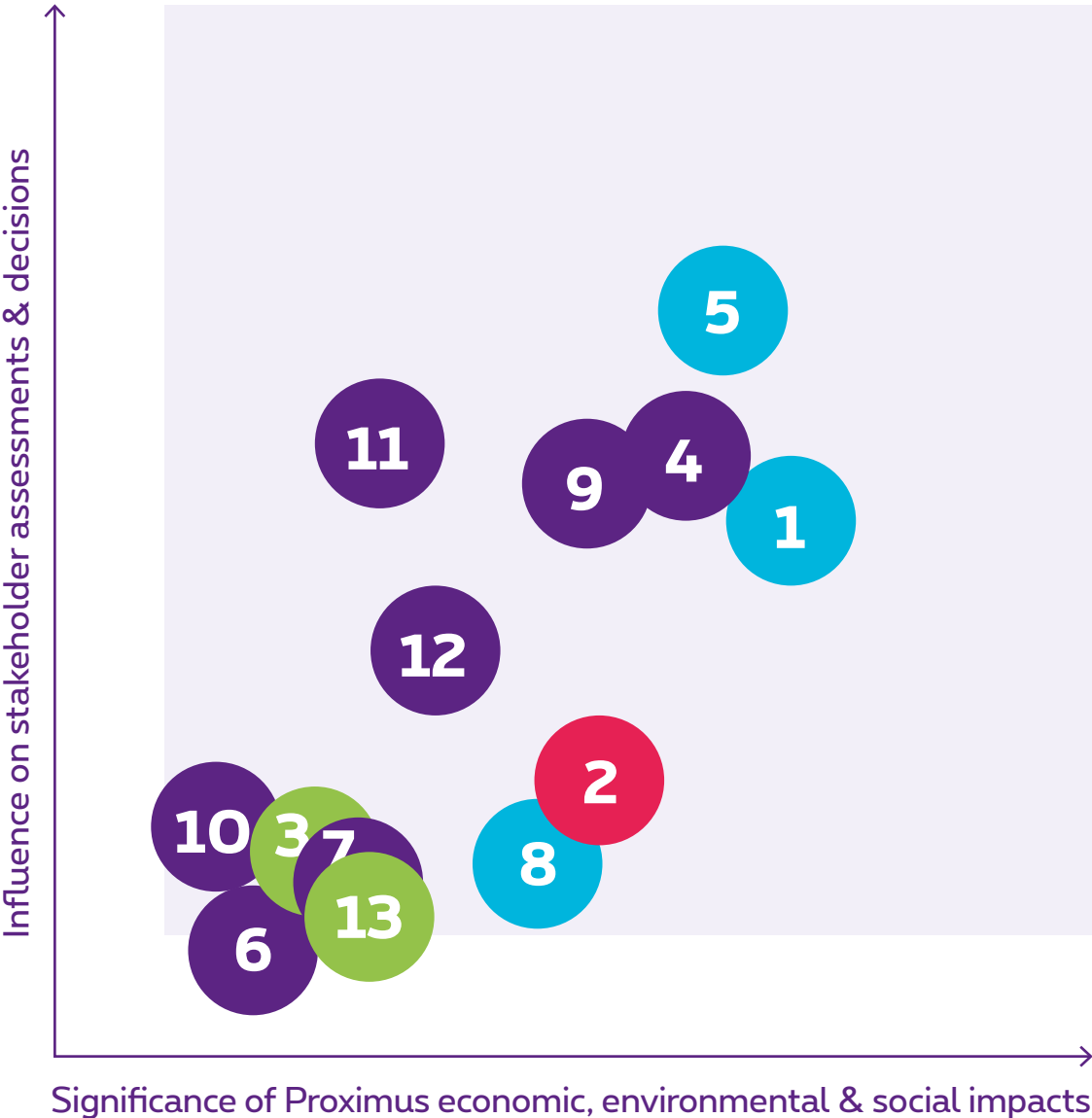
Based on this analysis, we implemented our new contribution framework in 2019 and pursued actions to serve our main ambition. The results of those actions are shown throughout the report.

Highly material topics

Materiality matrix 2019



The matrix on the right represents the upper right quadrant of the overall materiality matrix showing the topics which are most material for stakeholders and the impact Proximus can have.



- 1

Innovation and sustainable infrastructure
 How the company keeps up to date with the newest technologies and includes them within the products and services portfolio. Investments in digital infrastructure (connectivity -5G, Fiber, network) and innovation in smart energy, smart mobility, smart cities, smart education, smart buildings, smart health, smart security, etc
- 2

Connectivity and digital inclusion
 How the company makes sure that its infrastructure is up-to-date and inclusive for all members of the community, as well as ensuring that the connectivity of the customers is at all times at a good level. Further it relates to the digital inclusion of the all layers of the general public.
- 3

Sustainability, energy & circularity
 How the company plans to reduce energy consumption and how this affects emissions. How the company contributes to the circular economy and deals with waste management, equipment recycling, responsible sourcing and resource efficiency.
- 4

Business conduct & ethics
 Comprises the conduct of business practices in regard to transparency, integrity, corruption, lawsuits and claims. It should include the corporate governance of the company.
- 5

Privacy & data security
 The way the company makes sure that privacy laws are complied with, and that the data of the customers are handled in a secure way. The topic also relates to GDPR and the development of new technologies relating to this topic.
- 6

Health and safety
 The way the company treats its employees in terms of health and safety in linkage to production and overall health and safety management.
- 7

Human capital & employee development
 How the company deals with its human capital including labor conditions. It includes topics such as: Diversity and inclusion; gender; aging population; turn-over; training and development.
- 8

Digital competitiveness of institutions and companies
 How the company is enhancing the competitiveness of institutions, cities and companies in terms of digitalization.
- 9

Quality products and services
 How the company ensures that it delivers top quality products and services to its customers, including safe and healthy products.
- 10

Responsible marketing
 The policies and practices around marketing and advertising.
- 11

Pricing and billing transparency
 How the company discloses its pricing of its different products and services in a transparent way.
- 12

Customer relationship
 How the company ensures that customers are satisfied. It also includes the impact on their health of these customers and providing them with all necessary information.
- 13

Sustainable supply chain
 The way the company manages its responsibility towards the sustainability practices of its supply chain. Some other topics already involve this issue, however Proximus should also present an overarching approach to manage the impact of its supply chain and address its economic impact.

Stakeholder dialogue

At Proximus, we consider the following groups as our stakeholders: General public (including customers, and with a specific focus on the youngsters (18-25 y.o.)), Corporate clients (SE, ME, COR), Media, Government & regulatory bodies, Start-up communities, Sales & CSR partners, Employees, Opinion leaders and Investors.

This year, we have had the following interactions with our stakeholders:

Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2019	Our response
Employees	Employees expect us to provide them with a safe and advanced work environment as well as the flexibility it comes with. They also expect to receive opportunities & challenges fitted to their ambitions and to have an impact on how our company works. Finally, they expect us to offer the possibility of learning the new skills they need in this changing job market.	We engage our employees yearly in a survey called Speak Up. In this survey, they have the possibility to evaluate many points of our work environment, atmosphere, opportunities, and more. We also offer many possibilities for each employee to talk to an HR specialist about their concerns (described more in Caring for our employees).	Our employees voiced the need to increase our agility in the way we answer to competitive moves as well as in the execution of our strategy.	Our engagement survey called Speak Up is yearly processed and upon areas of concerns raised by our employees, we deploy business unit, department, team and company action plans to ensure we work towards areas of improvement identified in the survey. Speak Up is part of the Group Key Performance Indicators set on yearly basis. We regularly organize talent review boards to assess how best talents can be deployed in the company. Internal mobility is fostered through job rotation as well as new ways of working such as agile, empowered organization, fostering transversal ways of working. Homeworking ensure flexibility for the majority of our employees whose jobs allow it.
Residential customers self-employed and small businesses	Our customers turn to us to receive high-quality product and services. They expect us to always be up-to-date on the latest trends in terms of connectivity and user experience. Customers want not only to have unfiltered access to the digital world, but also for us to contribute to the society they live in. They expect us to fill our role as a key player in Belgium.	Including our customers in our operations is key for us to respond the best we can to their needs. We thus set up ways to continuously co-create with customers through design thinking sessions and focus groups. We also have an internal initiative called voice of the customer. In 2019, 20 consumer co-creation & design thinking sessions were organized, counting more than 500 participants.	Customers voiced the needs for: • relevant and differentiating customer solutions • competitive no-frills offers • seamless and frictionless digital experiences • great network quality	• Launch of Epic combo, a new mobile, internet and TV experience with full digital onboarding • Launch of 1P Internet at Scarlet, the ultimate no frills offer • Launch the entertainment platform Pickx • Pilot of the next generation decoder • Launch of the reward program Enjoy! • Launch of specific Bizz solutions, support and service for our SE customers, like Bizz online • Continued roll-out of fiber, launch of a smart wifi app, and preparing the mobile network of the future with 5G

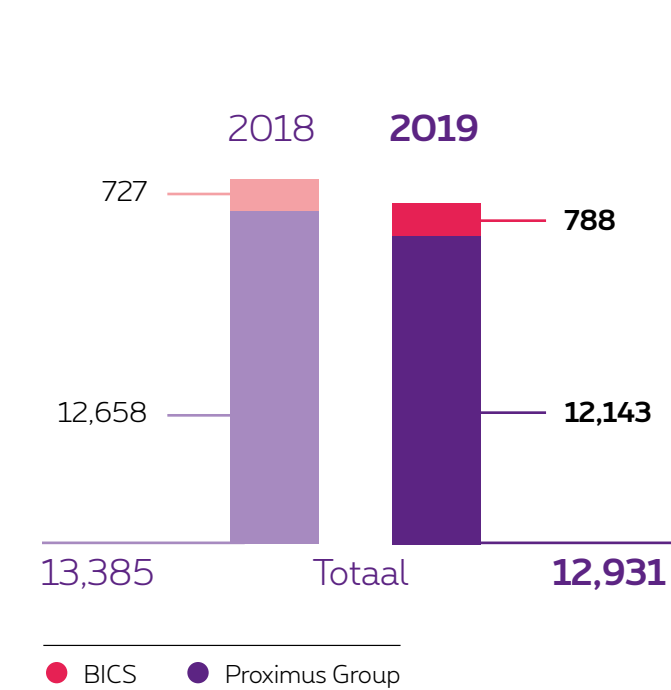
Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2019	Our response
Enterprise customers	Our business customers expect a personalized and high-quality service at all times. They want us to not only serve their connectivity needs, but also collaborate with them to become more digital and thus help them serve their own clients better.	Next to our regular interaction channels with our customers through our account managers, contact centres and indirect partner channel we have created other ways to reach out to our clients. We engage our business customers through regular personal surveys, ready for tomorrow meetings as well as Voice of the Customer forums and advisory boards. Through these different fora we aim to capture feedback in relation to their customer experience, feedback on our own strategy and development roadmap but also to deep dive in the customer's digital transformation needs and how we can support them with our newest technologies. In 2019 we will have organized 58 ready for tomorrow meetings, 18 Top to Top meetings and 8 voice of the customer forums & advisory boards.	Our customers expect: • Relevant solutions • A digital customer experience • Reliability and business continuity	• Move towards new (vertical) customer segmentation to understand our customers' context better and tailor our portfolio & service to their needs. • Launch of the Proximus Accelerators to help customers in many aspects of the digital transformation journey. • Continued focus on projects that increase the customer experience in their key journey's with Proximus (both physical & digital). • Further investments in our network.
Government & regulators	Government and regulators expect us to comply with all rules and regulations in place in Belgium, Europe & internationally. They also expect us, as a Belgian & partly state-owned company, to play a role in developing the digital society & economy of tomorrow through investments and involvement. This includes contributing to society and playing our part to slow down climate change. Finally, they expect us to respect business ethics.	We proactively & regularly engage with our government representatives and regulators through business associations such as Agoria, the European Telecommunications Network Operators' Association (ETNO), GSMA, etc. We also maintain regular interactions with politicians and representatives to develop partnerships (such as the one to increase internet coverage in white zones). These interactions occur on a regular basis.	Proximus regulation extended from its copper to its fibre network in 2018 - regulators prepare implementation (pricing and reference offers) Introduction of new obligations for Proximus high quality business access market. Belgian Government considering to introduce conditions favouring the entry of a 4th mobile player in the upcoming multiband spectrum auctions - timing and final conditions remain uncertain. Regions planning to invest in parallel networks. Preparation of transposition of new EU Code and Media directive has been initiated.	We advocate our position towards the relevant authorities, we ensure timely compliance with new rules and the business responds with adequate commercial actions to imposition of new obligations.

Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2019	Our response
Investors	Our investors and the financial markets expect a transparent, clear, accurate and consistent company communication and insights on the market we operate in. We are clear with them on our achievements, our strategy and ambitions going forward and short to mid-term perspectives. They also want to know how we expect to create value and need timely accurate updates. We also are expected to provide them the necessary access to top management with the opportunity to receive clarification and ask questions.	In 2019, we organized 2 management roadshows, after full and half-year results, where our CEO, CFO and Investor Relations Director visited our investors in various countries to expose them our strategy and results. This was completed by the participations in several sector conferences, IR-only roadshows, reverse roadshows and conference calls. For some occasions investors' feedback was provided, which is then included in the result of our reputation survey and materiality analysis. Over the year 2019, Proximus spoke to about 200 institutional investors. We also organize a yearly general assembly where all investors are invited.	Investor questions and concerns during 2019 were mainly related to: - Competitive environment and the impact on Proximus. - Regulatory related topics such as international calling prices, cable and fiber wholesale pricing. - Upcoming spectrum auctions and the risk related to a potential new entrant in the Belgian market. - Overall capex level and strategy on fiber deployment.	A detailed disclosure allows investors to get insight in Proximus' achievements in the Belgian market through the publication of several KPIs (net customer growth, market shares, average revenue per household, Mobile ARPU, etc.) on the main products (Internet, TV, Fixed Voice, Mobile, etc.). Also, the evolution of pricing is clearly communicated. Proximus disclosed its estimated financial impact from regulation for 2019 and disclosed the actual impact by quarter. Information on spectrum and auction conditions and status of the process have been disclosed in the quarterly information pack, and extensively discussed during meetings. Proximus has set a 3-year capex target when announcing the Fiber for Belgium project and has discussed with investors the potential scenarios going forward.
Suppliers	Our suppliers expect us to fulfil our long-term commitment and uphold our end of the deal. They want us to offer transparent contract with fair prices.	We consider our suppliers as very impactful and we engage with them in the form of regular audits to ensure they follow our CSR and ethical principles. Such interactions are described further in the section on Sustainable supply chain.	Proximus aims to have 75% of suppliers with a positive rating (assessments and audits) within 5 years.	In 2019, 83% of suppliers screened on human rights and environmental risks have a positive score. Suppliers with a negative score are systematically reassessed the year following initial assessment. Corrective action plans of the audits are systematically followed-up by Proximus within the Joint Audit Cooperation.
Society at large	The society expects Proximus to offer high quality networks & digital opportunities, and to leave behind a positive impact on Belgium. They want us to care for their data, be ethical and contribute to society while respecting the environment. They want us to develop products and services that can solve current challenges.	Every quarter, we evaluate our performance on key markers in a survey conducted on the large public in Belgium. This ensures we are going in the right direction and responding to society's expectations. As a Belgian company, we want to leave a positive mark on our surroundings, and we work with various NGOs and associations to make a difference in various areas of the Belgian society. We have a focus on contributing to a digital education for all, and to becoming a circular company with a net positive impact. We want to provide solutions to let our stakeholders accelerate towards circularity as well.	A concern for citizens is the impact of electro-magnetic waves as we develop more and more extensive networks, especially with the arrival of 5G. They also want us to provide clearer communications and to ensure their data is treated in the right manner. Besides these topics, people are concerned about the future and the skills needed to be part of it. Finally, a big societal topic in the year 2019 was the environment, with more and more voices demanding action from companies like Proximus. Most of their concerns relate to the material items mentioned earlier in the section.	We contribute to their concerns by offering clear information on the risk on electromagnetic waves and advice on our website. We intend to proactively communicate on the potential impact of 5G as well. We have strict rules and guidelines around data privacy and comply with the newest laws. We also acquire ISO certifications on the subject. Finally, we contribute to society and the digital inclusion, by partnering with organizations such as MolenGeek or School 19, promoting our own programmes like diggit, as well as re-skilling our workforce. We have a solid green strategy, with a 10-year ambition to become circular & have a net positive impact. This ambition is served by strategic tracks & squads dedicated to the matter.

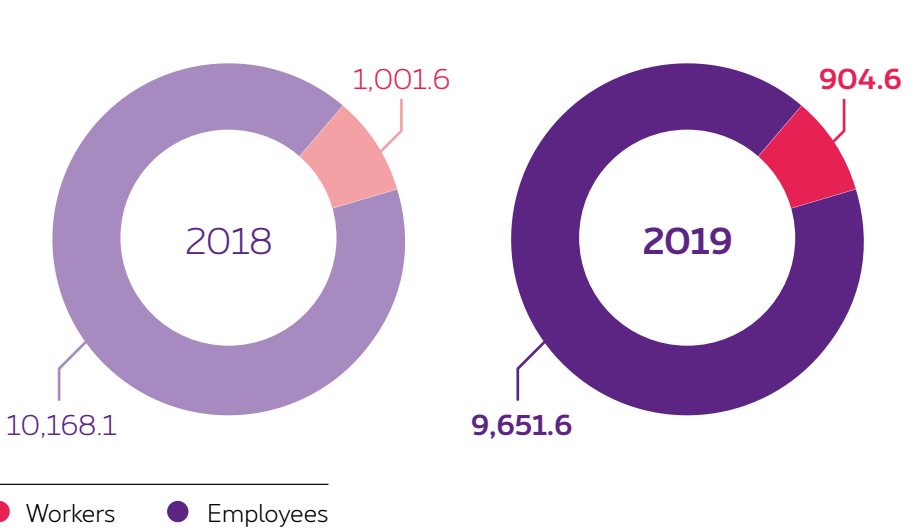
Social figures

The social figures relate to Proximus SA/NV unless otherwise stated.

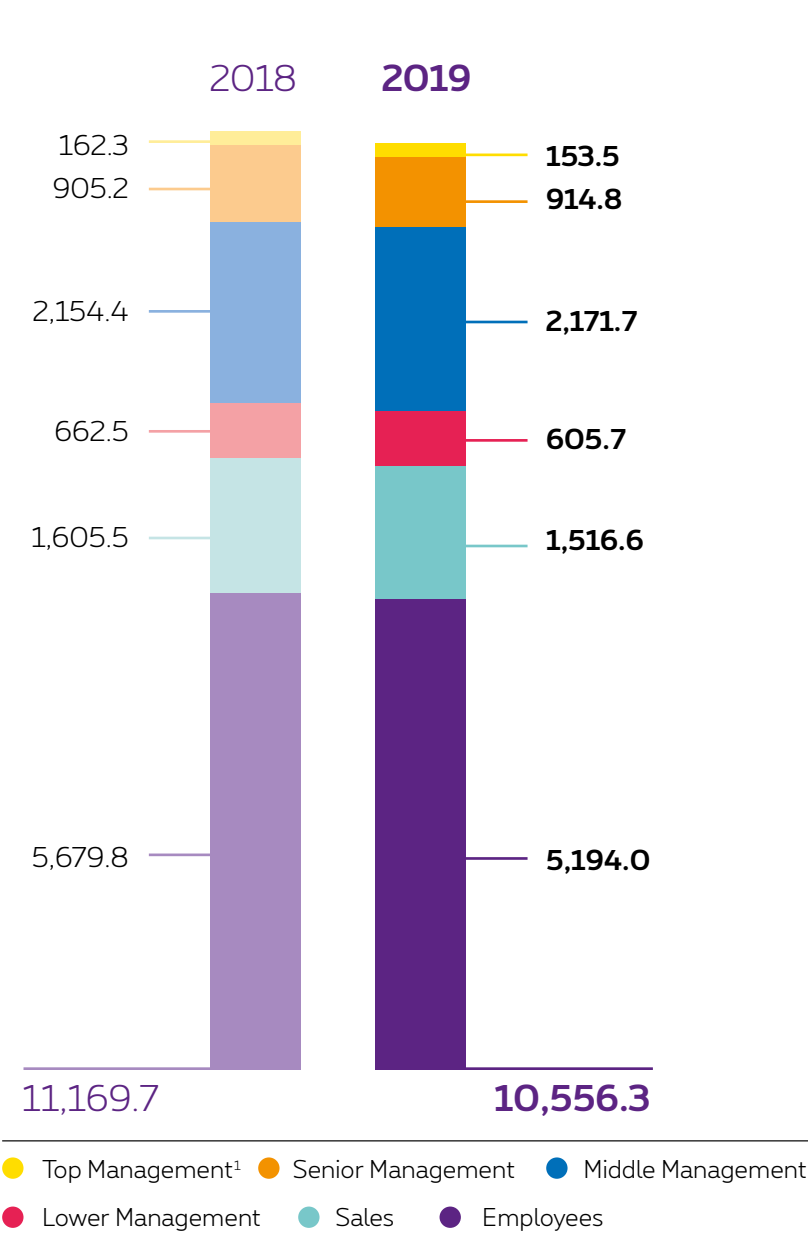
Total number of employees (FTE) for the Proximus Group



Total number of employees (FTE) by employment contract



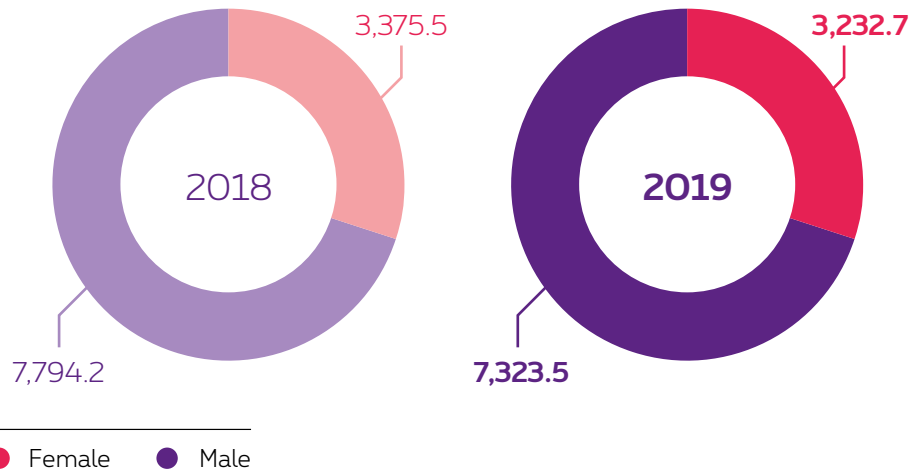
Total number of employees (FTE) per level



Total number of employees (FTE) by employment contract, by gender

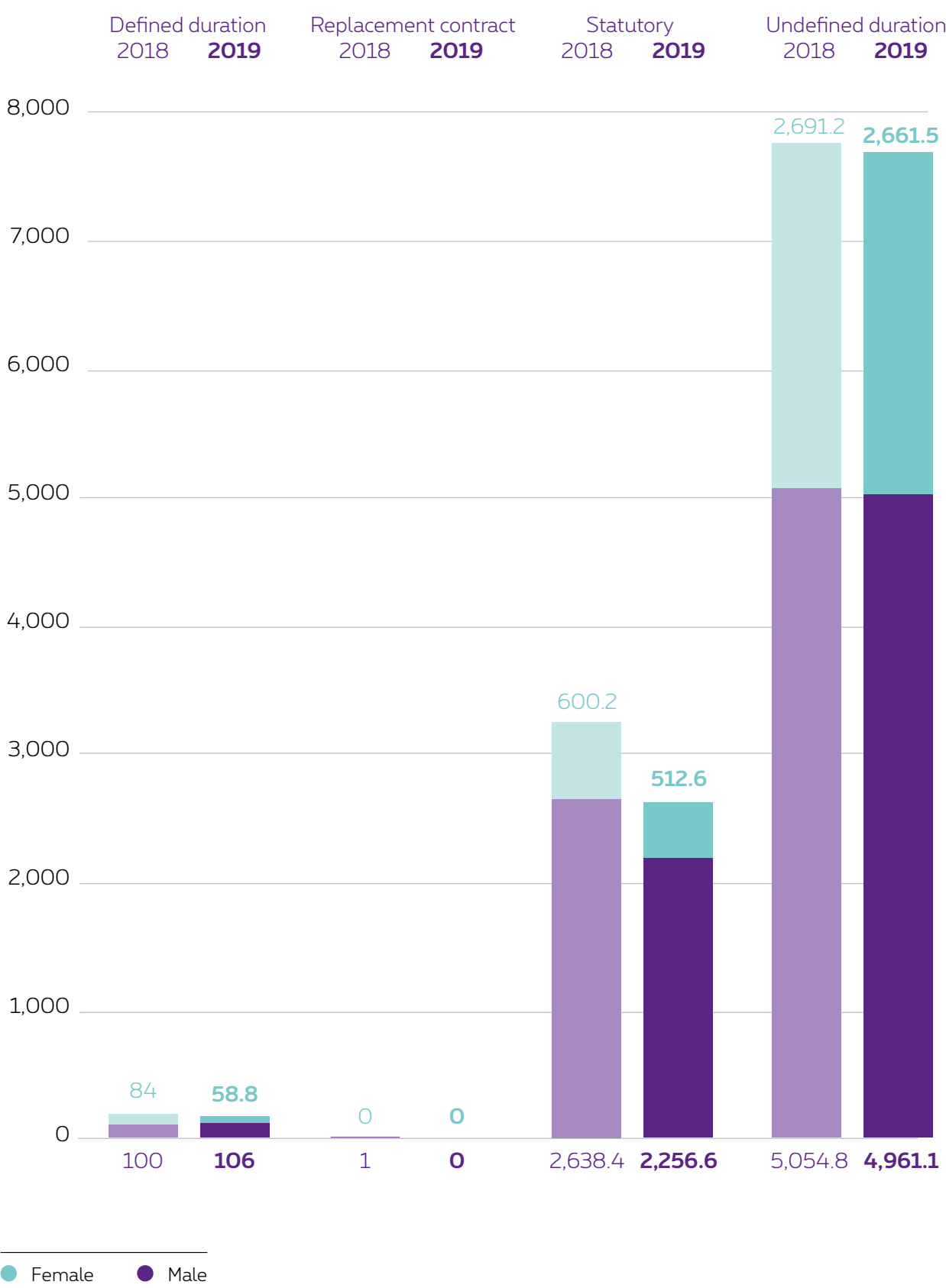
		2018	2019
Employment contract			
	Defined duration	184.0	164.8
	Replacement contract	1.0	0.0
	Statutory	3,238.6	2,768.8
	Undefined duration	7,746.0	7,622.6
Employment contract by gender			
Female	Defined duration	84.0	58.8
	Replacement contract	0.0	0.0
	Statutory	600.2	512.6
	Undefined duration	2,691.2	2,661.5
Male	Defined duration	100.0	106.0
	Replacement contract	1.0	0.0
	Statutory	2,638.4	2,256.6
	Undefined duration	5,054.8	4,961.1

Total number of employees (FTE) by gender (Proximus SA/NV)



1 Excluding the Luxembourg branch

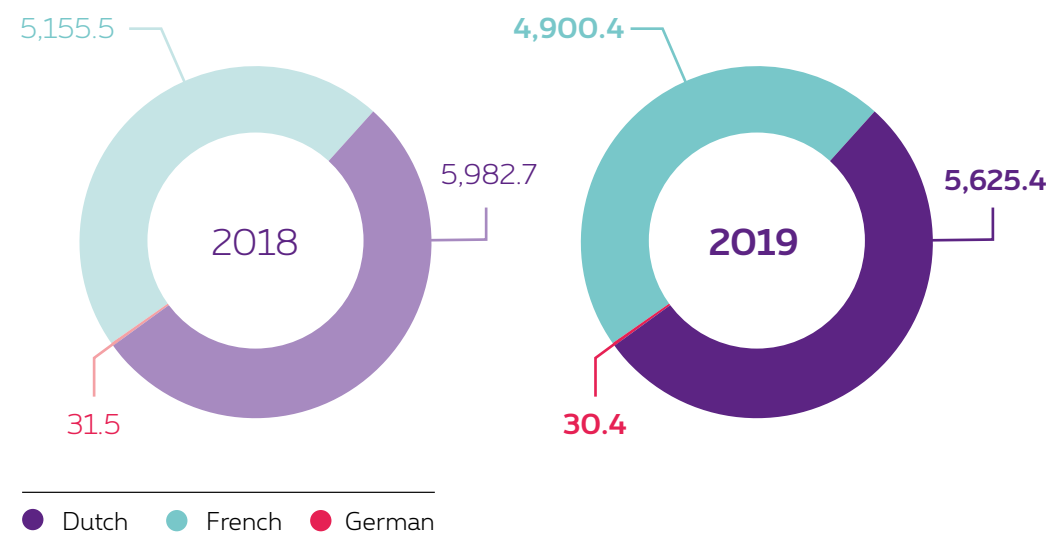
Total number of employees (FTE) by contract type



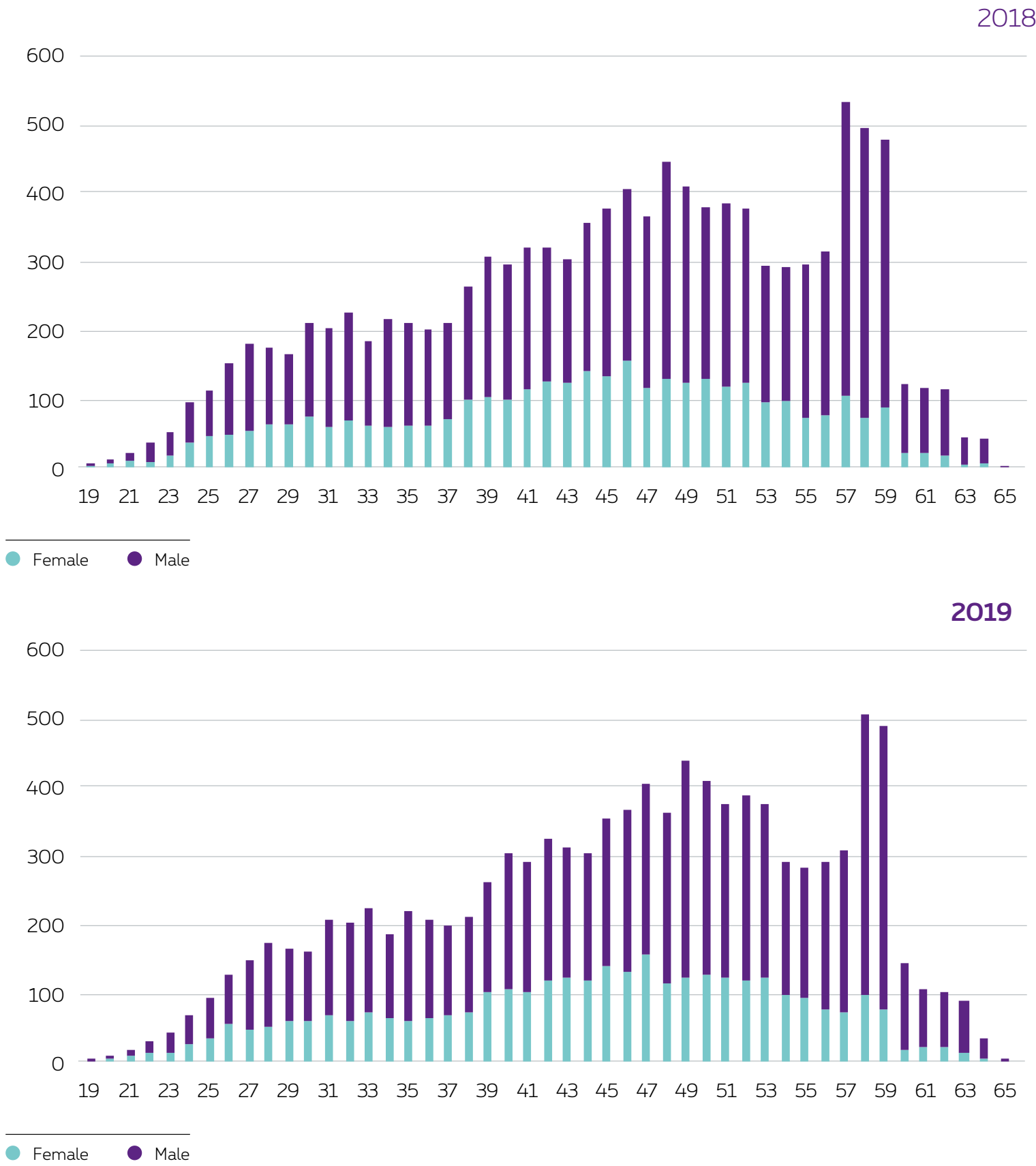
Total number of employees (FTE) by employment contract, by region

		2018	2019
Brussels	Defined duration	51.0	37.8
	Replacement contract	0.0	0.0
	Statutory	1,372.5	1,226.1
	Undefined duration	5,021.2	4,956.8
Flanders	Defined duration	83.0	68.0
	Replacement contract	0.0	0.0
	Statutory	954.1	779.3
	Undefined duration	1,341.5	1,312.11
Wallonia	Defined duration	50.0	59.0
	Replacement contract	1.0	0.0
	Statutory	912.0	763.4
	Undefined duration	1,383.4	1,353.7

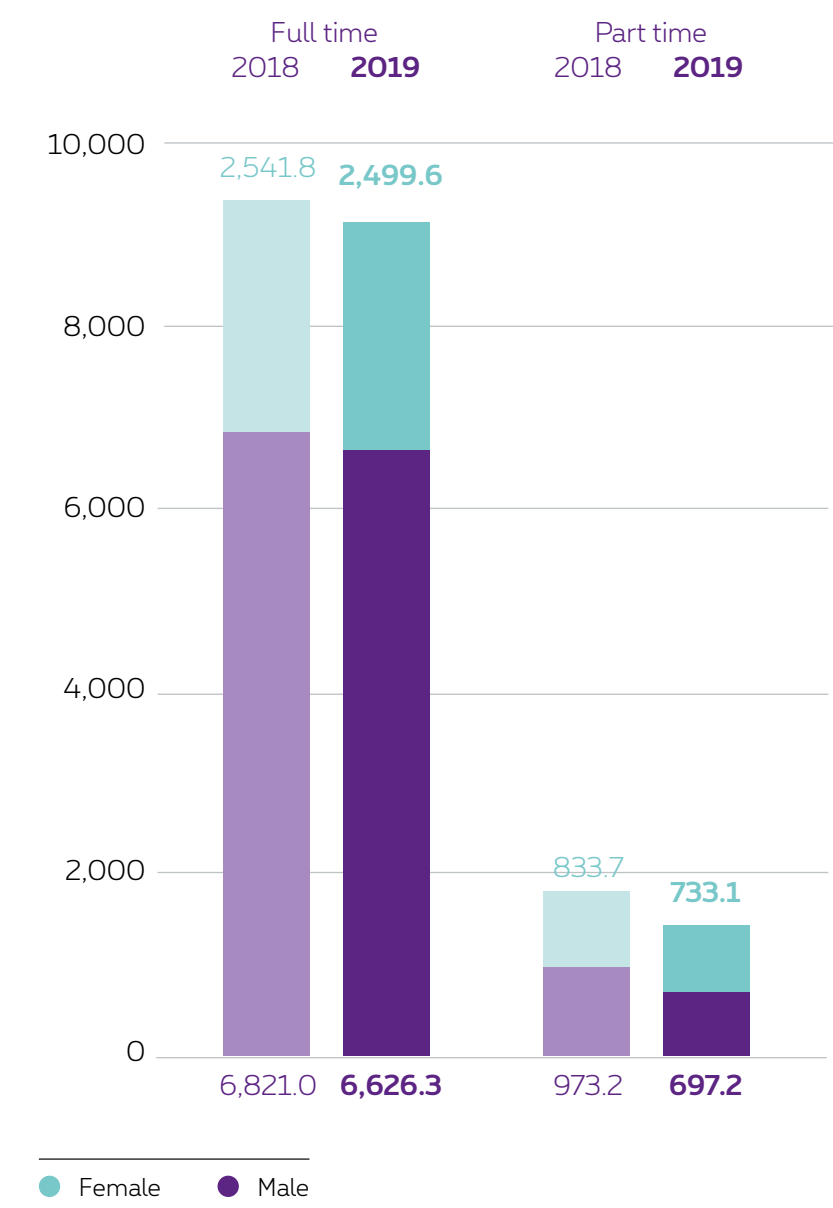
Total number of employees (FTE) by language



Age pyramid of total number of employees (FTE)



Total number of employees (FTE) by employment type, by gender



Total number and rate¹ of new employee hires (FTE) during the reporting period, by gender and age group

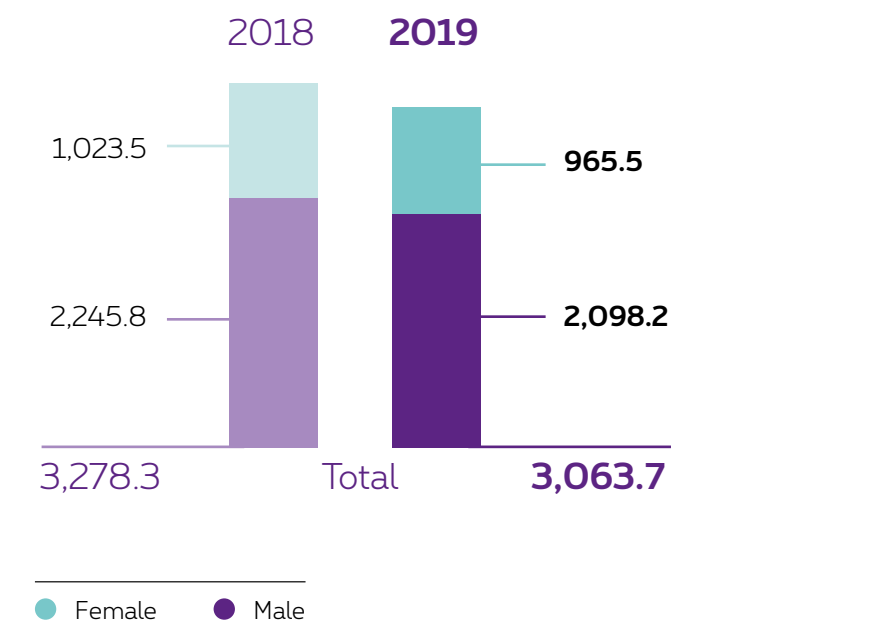
	2018	2019
Female	5.2% (177.0)	3.3% (105.0)
Male	4.8% (371.0)	2.9% (212.0)
Total	4.9% (548.0)	3.0% (317.0)
Under 30	33.2% (341.0)	19.6% (169.0)
30-50	3.2% (201.0)	2.3% (134.0)
Over 50	15.0% (6.0)	0.4% (14.0)
Total	4.9% (548.0)	3.0% (317.0)

1 We define a rate as being the number of new entries over the reporting period, divided by the total number of employees working in that category at the end of the reporting period. E.g.: (Number of new female hires within the reporting period/Number of women working at Proximus SA/NV by end of the reporting period)*100.

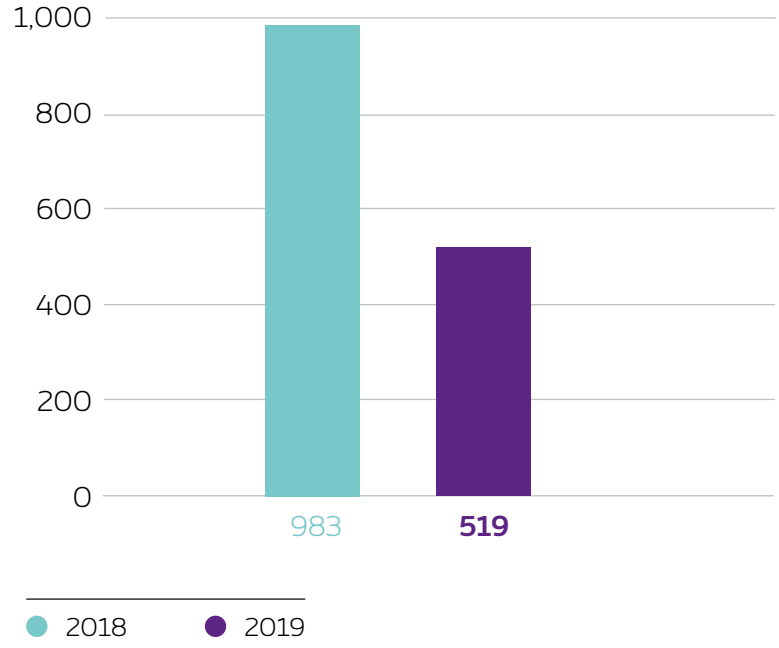
Total number and rate of employee turnover (FTE) during the reporting period, by gender and age group

	2018	2019
Female	4.9% (166.2)	6.5% (208.5)
Male	7.4% (572.5)	8.2% (598.5)
Total	6.6% (738.7)	7.6% (807.0)
Under 30	9.5% (96.1)	14.8% (128.1)
30-50	2.1% (119.9)	3.2% (189.1)
Over 50	12.1% (522.7)	13.0% (489.8)
Total	6.6% (738.7)	7.6% (807.0)

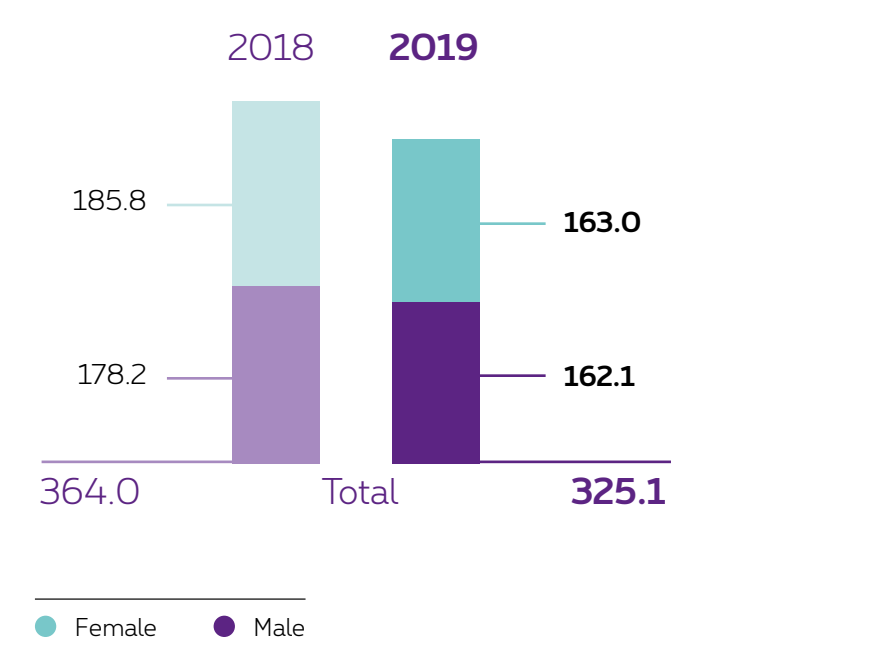
Total number of employees (FTE) that were entitled to parental leave, by gender



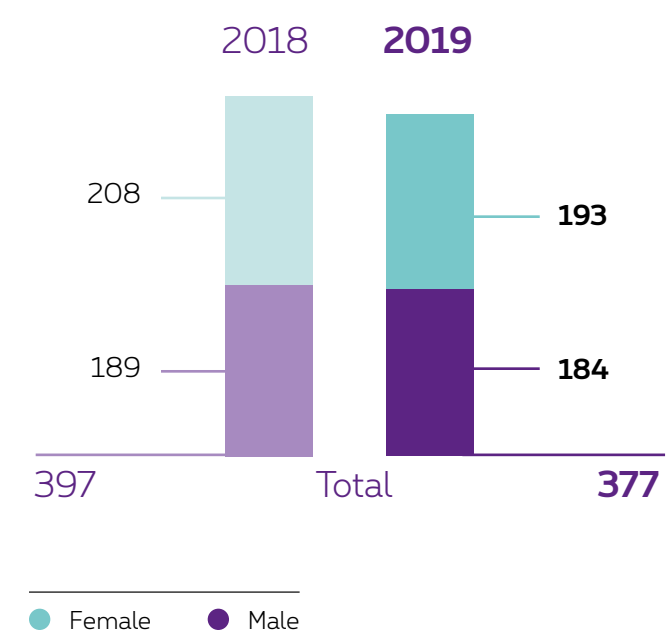
Total number of internal moves (function changes) during the reporting period



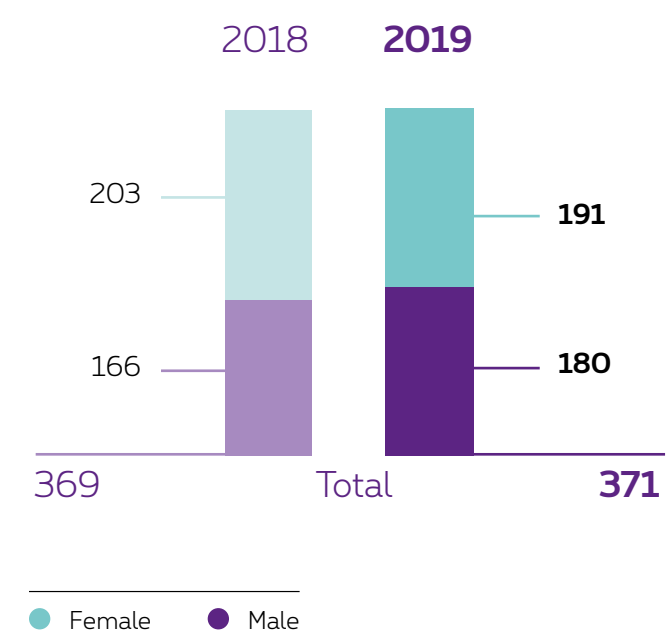
Total number of employees (FTE) that took parental leave, by gender



Total number of employees that returned to work in the reporting period after parental leave ended, by gender²



Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender²



Return to work³ and retention rates⁴ of employees that took parental leave, by gender

		2018	2019
Return to work	Female	97.7%	98.5%
	Male	98.4%	98.9%
	Total	98.0%	98.7%
Retention rates	Female	97.7%	97.5%
	Male	98.4%	96.8%
	Total	98.0%	97.1%

Average hours of training that the organization’s employees (FTE) have undertaken during the reporting period, by gender and employee category (in hours)

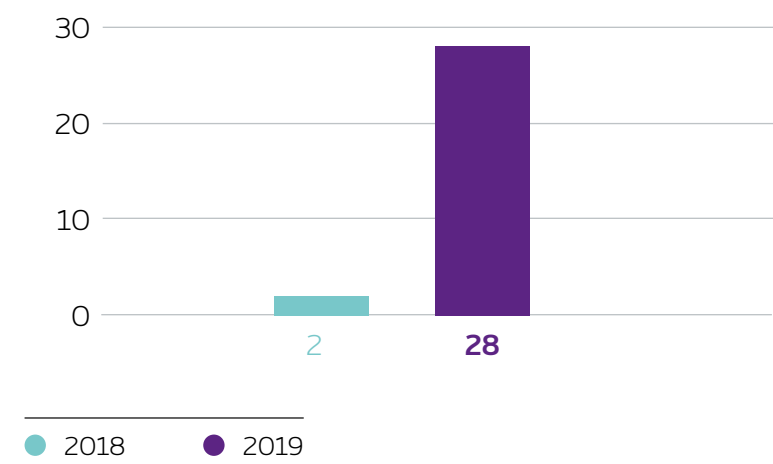
	2018	2019
Female	23	30
Male	24	42
Total	24	39
Executive	35	37
Senior Management	28	38
Middle Management	24	38
Lower Management	25	41
Employees	22	39

Types of injury, injury rate (IR⁵), occupational disease rate (ODR⁶), lost day rate (LDR⁷), absentee rate (AR⁸), and work-related fatalities, for all employees, with a breakdown by gender (Proximus Group)

		2018	2019
IR	Female	0.000005	0.000008
	Male	0.000008	0.000001
	Total	0.000007	0.000007
ODR	Female	0	0
	Male	0.0000004	0.0000001
	Total	0.0000003	0.0000007
LDR	Female	0.0002	0.0001
	Male	0.0004	0.0001
	Total	0.0003	0.0001
AR	Female	10.8%	11.6%
	Male	6.3%	6.2%
	Total	7.7%	7.9%

Proximus had no work-related fatalities in 2018 and 2019.

Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization (Proximus Group)



2 Expressed in headcount, not FTE.

3 Calculation: (Total number of employees that did return to work after parental leave/ Total number of employees due to return to work after taking parental leave) *100

4 Calculation: (Total number of employees retained 12 months after returning to work following a period of parental leave/ Total number of employees returning from parental leave in the prior reporting period(s)) *100

5 Frequency of injuries, relative to the total time worked by all workers during the reporting period. Calculation: number of injuries in Proximus Group/ total number of hours scheduled to be worked by Proximus Group employees

6 Frequency of occupational diseases (disease arising from a work situation or activity, or from a work-related injury) relative to the total time worked by all workers during the reporting period. Calculation: number of occupational diseases/ total number of hours scheduled to be worked by Proximus Group employees

7 Impact of occupational diseases and accidents as reflected in time off work by the affected workers. A Lost day is defined as time ('days') that cannot be worked (and are thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational disease or accident. Calculation: total number of lost days (due to occupational disease or accident)/total number of hours scheduled to be worked by Proximus Group employees

8 Measure of actual absentee days lost, expressed as the number of illness days divided by the number of theoretical working days, taking into account by definition the work regime of the person. An absentee is a worker absent from work because of taking an illness day (with or without attest), excluding work accidents & pregnancy. Calculation example for female employees: (sum of all the illness days registered amongst female employees/sum of all the theoretical working days amongst female employees) *100.

Environmental figures

Being CO ₂ -neutral: Energy	2014 baseline	2015 baseline	2017	2018	2019	Target	GRI indicator	Ext. audit
Total energy consumption within the organization (TJ)			1,967	1,876	1,808		302-1e	✓
Total fuel consumption within the organization from non-renewable sources (TJ)			575	552	525		302-1a	✓
Heating: Natural gas (TJ)			101	101	105		302-1a	✓
Heating: Heating oil (TJ)			63	50	35		302-1a	✓
Vehicle fleet: Diesel (TJ)			409	398	373		302-1a	✓
Vehicle fleet: Petrol (TJ)			1	4	12		302-1a	✓
Total fuel consumption within the organization from renewable sources (TJ)			0	0	0		302-1b	
Electricity consumption (TJ)			1,392	1,323	1,283		302-1c	✓
% electricity consumed from renewable sources with GO, REC or IREC - Belgium/Group			100/98	100/99	100/100	RE100 commitment		
Energy efficiency ratio (energy consumption within the organization in TJ vs total revenue in EUR Mio)			0.339	0.322	0.317		302-3	✓
Energy efficiency ratio (energy consumption within the organization in TJ vs FTE)			0.147	0.140	0.140		302-3	✓
Heating, cooling or steam consumption (TJ)			0	0	0		302-1c	
Electricity, heating, cooling or steam sold (TJ)			0	0	0		302-1d	
Electricity consumption within the organization (GWh)			387	368	357			
Fixed and mobile network (GWh)			285	269	268			
Data Centers (GWh)			56	55	53			
Offices + Shops (GWh)			45	43	36			
Energy savings network (TJ)			137	47	40		302-4	
PUE data centers			1.63	1.65	1.60			



Being CO ₂ -neutral: GHG	2014 baseline	2015 baseline	2017	2018	2019	Target	GRI indicator	Ext. audit
CO ₂ e emissions scope 1 and 2 (KTons) ¹		50.3	46.5	39.0	36.9			✓
Evolution CO ₂ e emissions scope 1 and 2 (vs previous year) ¹			-4%	-16%	-5%		305-5	
Evolution CO ₂ e emissions scope 1 and 2 (vs 2015 baseline) - Science Based Target ¹			-8%	-22%	-27%	-30% (2025)	305-5	
Evolution CO ₂ e emissions scope 1 and 2 (vs 2007 baseline) ¹			-72%	-78%	-79%		305-5	
Carbon intensity (Tons CO ₂ e scope 1 and 2/EUR Mio revenue) ¹			8.0	6.7	6.5		305-4	
Carbon intensity (Tons CO ₂ e scope 1 and 2/# FTE's) ¹			3.5	2.9	2.9		305-4	
CO ₂ e emissions scope 1 - heating, refrigerants and fleet fuel (KTons)			43.9	38.0	36.0		305-1	✓
CO ₂ e emissions scope 1 - heating (KTons)			11.0	10.0	9.2		305-1	✓
CO ₂ e emissions scope 1 - refrigerants (KTons)			4.6	0.3	0.3		305-1	✓
CO ₂ e emissions scope 1 - fleet fuel (KTons)			28.3	27.7	26.5		305-1	✓
CO ₂ e emissions scope 2 - electricity - market based method (KTons) ¹			2.6	1.0	0.9		305-2	✓
CO ₂ e emissions scope 2 - electricity - location based method (KTons)			68.4	65.0	62.5			
CO ₂ e-emissions compensated by carbon credits (scope 1 en 2 en scope 3 business travel) (KTons)			47.9	42.2	40.1			
CO ₂ e emissions scope 3 (KTons) - 8 relevant categories	767		765	809	742		305-3	✓
Evolution CO ₂ emissions scope 3 (vs 2014 baseline) - Science Based Target			0%	+5%	-3%	-10% (2025) and -50% (2040)	305-3	
Scope 3 - category 1 - purchased goods and services (KTons) - Belgium ³	518	317	481	540	460		305-3	✓
Scope 3 - category 2 - capital goods (KTons) - Belgium ³	146	90	177	184	200		305-3	✓
Scope 3 - category 3 - fuel and energy related activities (not in scope 1 en 2) (KTons) - Group	11	11	11	11	10		305-3	✓
Scope 3 - category 4 - transportation and distribution (KTons) - Belgium	7	7	4	3	3		305-3	✓
Scope 3 - category 5 - waste disposal (KTons) - Belgium	1	1	1	1	1		305-3	✓
Scope 3 - category 6 - business travel (KTons) - Belgium ²	2	2	1	1	2		305-3	✓
Scope 3 - category 7 - employee commuting (KTons) - Belgium	5	5	4	4	4		305-3	✓
Scope 3 - category 11 - use of sold products (KTons) - Belgium	78	88	87	64	62		305-3	✓

✓ Deloitte provided a limited external assurance on these indicators for the year 2019
 1 Correction in 2018 linked to purchase of EAC's (scope 2) after reporting period.
 2 Other vendor and calculation methodology while the number of business trips decreased.
 The calculation is based on DEFRA conversion factors without Radiative Forcing (RF).
 3 Methodology will be redesigned in 2020 to limit the impact of procurement spend.

Being circular	2014 baseline	2015 baseline	2017	2018	2019	Target	GRI indicator	Ext. audit
Waste (KTons) - Belgium			11.8	14.7	13.6		306-2	✓
% of hazardous waste - Belgium			4.3%	4.0%	8.7%		306-2	✓
% waste reused/recycled - Belgium			85%	87%	87%	90% in 2025	306-2	✓
Non-hazardous waste - recycled or reused (KTons) - Belgium			9.6	12.2	10.6		306-2	✓
Non-hazardous waste - with energy recovery (KTons) - Belgium			1.7	2.0	1.8		306-2	✓
Hazardous waste - recycled or recovered (KTons) - Belgium ⁴			0.5	0.6	1.2		306-2	✓
Mobile phones collected in Proximus and Tango shops for reuse and recycling			4,493	9,237	19,255		306-2	
Mobiles phones collected in schools with GoodPlanet Belgium for reuse and recycling			14,000	9,042	12,220	200,000 in 2013-2020		
Number of refurbished computers offered to schools as reward for mobile phone recycling			250	156	189			
Number of refurbished modems			122,397	182,553	140,000		301-2	
Number of refurbished modems/number of new installed modems (%)			24%	32%	26%		301-3	
Number of refurbished TV decoders			199,797	222,991	196,000		301-2	
Number of refurbished TV decoders/number of new installed TV decoders (%)			56%	44%	39%		301-3	
Evolution average energy consumption customer decoders vs 2014	0%		-33%	-41%	-50%	-50% (2019 vs 2014)	302-5	
Paper consumption (KTons)			260	194	132			
Water ('000L) - Belgium			124,611	146,599	109,392		303-1	

✓ Deloitte provided a limited external assurance on these indicators for the year 2019

⁴ 99% of the hazardous waste is battery related and temporary high because of the network migration program and renewals

Sustainable supply chain	2014 baseline	2015 baseline	2017	2018	2019	Target	GRI indicator	Ext. audit
% of the total spend covered by supplier CSR scorecards - Proximus PLC			40%	40%	32%			
Number of onsite audits in collaboration with JAC			89	91	84			

GRI content index

The non-financial indicators assured by our external auditors are indicated by a tickmark (limited assurance).

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
General Disclosures					
Organization Profile	102-1	Name of the organization	Proximus public limited company under Belgian Public Law		
	102-2	Activities, brands, products and services	Who we are & what we do, p.10		
	102-3	Location of headquarters	Boulevard du Roi Albert II, 27 B - 1030 Bruxelles		
	102-4	Location of operations	Who we are & what we do, p.10		
	102-5	Ownership and legal form	Proximus governance model, p.59		
	102-6	Markets served	Who we are & what we do, p.10		
	102-7	Scale of the organization	Social figures, p.121 Key Financial Highlights, p.13-15		
	102-8	Information on employees and other workers	Social figures, p.121-124	Reporting on employees of contractors is considered not applicable to Proximus Group.	
	102-9	Supply chain	Sustainable supply chain, p.56		
	102-10	Significant changes to the organization and its supply chain	N.A.	None to report on in 2019	
	102-11	Precautionary principle or approach	Proud to be CO ₂ neutral, p.52-53		
	102-12	External initiatives	#embracedifference pledge; DigitalforHer declaration; Decent work for all - Commitment charter	Non-exhaustive list	



GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Organization Profile	102-13	Membership of associations	ETNO VBO/FEB VOKA Agoria BECI (Union des entreprises de Bruxelles) UWE (Union Wallonne des Entreprises) Cercle de Wallonie VKW Benelux Business Roundtable GSMA Center on Regulation in Europe ISPA Belgium ETIS Guberna Cyber Security Coalition The Shift Be.Face Joint Audit Cooperation Talent2Connect Belgian Association of Marketing	Non-exhaustive list	
Strategy	102-14	Statement from senior decision-maker	Foreword from our CEO & Chairman, p.5-7		
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Ethical business conduct, p.41 Foreword from our CEO & Chairman, p.5-7 Code of conduct, www.proximus.com/investors/compliance Values: collaboration, agility, accountability, customer orientation and digital mindset		
Governance	102-18	Governance structure	Corporate governance statement, p.58-74		
	102-19	Delegating authority	Proximus governance model, p.59 Non-financial governance, p.72		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder dialogue, p.118		
	102-41	Collective bargaining agreements	98.5% of employees covered by collective bargaining agreements (all employees except Extended Leadership Team)		
	102-42	Identifying and selecting stakeholders	Proximus selects its stakeholders based on its business, their relevance to our industry and our main contribution themes. We include all those impacted by our operations, as well as those we partner and maintain a relationship with.		
	102-43	Approach to stakeholder engagement	Stakeholder dialogue, p.118-120		
	102-44	Key topics and concerns raised	Stakeholder dialogue, p.118-120		
Reporting practice	102-45	Entities included in the consolidated financial statements	The basis for the entities covered in the consolidated financial statements is Proximus Group' legal structure. All entities covered by the consolidated financial statements are also included in the report.		
	102-46	Defining report content and topic Boundaries	Non-financial reporting approach 2019, p.3 Transparency, p.109		
	102-47	List of highly material topics	Our materiality matrix, p.22 Highly material topics, p.117		
	102-48	Restatements of information	There is no restatement of information unless specifically otherwise stated in the text		
	102-49	Changes in reporting	Changes were made in the materiality matrix. We merged the following three highly material topics that are closely linked: Energy and green house gases; Circular economy and responsible sourcing and resources efficiency into one topic named 'Sustainability, energy & circularity'		
	102-50	Reporting period	Jan 1 to Dec 31, 2019		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Reporting practice	102-51	Date of most recent report	March, 2019		
	102-52	Reporting cycle	Annually		
	102-53	Contact point for questions regarding the report	csr@proximus.com		
	102-54	Claims of reporting in accordance with the GRI standards	Non-financial reporting approach 2019, p.3		
	102-55	GRI content index	GRI content index, p.128-144		
	102-56	External assurance	A selection of non-financial indicators were externally assured (limited assurance) by our external auditor. These indicators are indicated by a tickmark in the GRI index. Assurance statement, p.147		
Linked with highly material topic: Innovation and sustainable infrastructure					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Future-proof digital infrastructure, p.24-26 Digital innovation, p.29-31 Boundaries: - Inside: management of Proximus Group - Outside: all customers, communities and governments institutions in countries of operations.		
	103-2	The management approach and its components	Future-proof digital infrastructure, p.24-26 Digital innovation, p.29-31 Proximus governance model, p.59 Non-Financial governance, p.72 Transformation & Innovation Committee, p.62		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-Financial governance, p.72 Transformation & Innovation Committee, p.62 Overview of non-financial information, p.105		
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Future-proof digital infrastructure, p.24-26		
	Own indicator	4G indoor coverage	Future-proof digital infrastructure, p.24-25 Overview of non-financial information, p.105		✓

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 203: Indirect economic impacts 2016	Own indicator	4G outdoor coverage	Future-proof digital infrastructure, p.24-25 Overview of non-financial information, p.105		✓
	Own indicator	Fixed Internet speed 70Mbps and above	Future-proof digital infrastructure, p.24-25 Overview of non-financial information, p.105		✓
	Own indicator	Average VDSL2 speed	Future-proof digital infrastructure, p.24-26 Overview of non-financial information, p.105		
	Own indicator	Vectoring coverage	Future-proof digital infrastructure, p.24-26 Overview of non-financial information, p.105		
	Own indicator	Number of projects with universities/education institutes	Digital innovation, p.29-30 Overview of non-financial information, p.105		✓
Linked with highly material topic: Digital competitiveness of companies and institutions					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	Highly material topics, p.117 Digital innovation, p.29-31 Boundaries: - Inside: management of Proximus Group - Outside: all customers, communities and governments institutions in countries of operations.		
	103-2	The management approach and its components	Digital innovation, p.29-31 Proximus governance model, p.59 Committees of the Board of Directors, p.61-62 Non-Financial governance, p.72		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-Financial governance, p.72 Overview of non-financial information, p.105		
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Future-proof digital infrastructure, p.24-26		
	Own indicator	IoT connections	Digital innovation, p.29-31 Overview of non-financial information, p.105		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Linked with highly material topic: Business conduct and ethics					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Ethical business conduct, p.41 Boundaries: - Inside: Proximus Group (management and employees) - Outside: all customers, suppliers, communities, and government institutions in countries of operations		
	103-2	The management approach and its components	Ethical business conduct, p.41 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Ethical business conduct, p.41 Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.105		
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Ethical business conduct, p.41 Proximus governance model, p.59		
	205-3	Confirmed incidents of corruption and actions taken	On 19 June 2019, Proximus was indicted following a complaint by a Brussels examining magistrate on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the secrecy of the investigation, it is obvious that the elements of this case cannot be set out in this report. Nevertheless, Proximus would like to mention the existence of this case for the sake of transparency. For information purposes, if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts of which it is accused and in view of the charges laid down by the examining magistrate, the maximum fine that could apply to Proximus in the context of this case would be EUR 800,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not set aside any amount for the payment of any fine. Finally, insofar as necessary, Proximus recalls that the formality of the indictment does not in any way mean that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favourable outcome to this case.		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	Ethical business conduct, p.41 Proximus governance model, p.59		
	Own indicator	Number of cases investigated by the Investigations department for violation of policies/code of conduct	Ethical business conduct, p.41 Overview of non-financial information, p.106		✓
	Own indicator	Number of whistleblowing cases	Ethical business conduct, p.41 Overview of non-financial information, p.106		✓
Linked with highly material topic: Quality products and services					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Customer first, p.33-35 Boundaries: - Outside: all customers		
	103-2	The management approach and its components	Customer first, p.33-35 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Customer first, p.33-35 Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.106		
GRI 416: Customer Health and Safety 2016	Own indicator	Blended usage satisfaction for residential customers	Customer first, p.33 Overview of non-financial information, p.106		
	Own indicator	MyProximus active users	Customer first, p.33-34 Overview of non-financial information, p.106		
Linked with highly material topic: Pricing and billing transparency					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Customer first, p.35 Boundaries: - Outside: all customers		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 103: Management approach 2016	103-2	The management approach and its components	Customer first, p.35 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Customer first, p.35 Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.106		
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Consolidated management report, www.proximus.com/investors/reports-and-results 3 legal actions regarding anti-competitive behavior and violations of anti-trust and monopoly legislation Outcomes of legal actions: nothing to report		
	Own indicator	Customer complaints	Customer first, p.33 Overview of non-financial information, p.106		
Linked with highly material topic: Sustainability, energy & circularity					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Respecting our planet, p.52-55 Boundaries: - Inside: management of Proximus Group - Outside: suppliers, communities and customers in countries of operations.		
	103-2	The management approach and its components	Respecting our planet, p.52-55 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Respecting our planet, p.52-55 Overview of non-financial information, p.108 Proximus governance model, p.59 Non-financial governance, p.72		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 301: Materials	301-3	Reclaimed products and their packaging materials		Reporting on reclaimed products and their packaging materials is considered not relevant for Proximus Group since customers are also allowed to bring the oldest end-of-life devices as scrap to WEEE recycling points in the local municipal container parks. Since Proximus Group is a member of Recupel, we rely on them to manage this recycling channel. The container parks report the WEEE figures to the Recupel organization but Proximus Group has no view on this data.	
	Own indicator	Collected mobile phones	Committed to the circular economy, p.54 Environmental figures, p.127 Overview of non-financial information, p.108		
	Own indicator	Refurbished modems and TV decoders	Committed to the circular economy, p.54 Environmental figures, p.127 Overview of non-financial information, p.108		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental figures, p.125 Proud to be CO ₂ neutral, p.52 Transparency, p.114 Overview of non-financial information, p.108		✓
	302-3	Energy intensity	Environmental figures, p.125		✓
	302-4	Reduction of energy consumption	Environmental figures, p.125 Proud to be CO ₂ neutral, p.53 Transparency, p.114 Overview of non-financial information, p.108		
	302-5	Reductions in energy requirements of products and services	Environmental figures, p.127 Transparency, p.114		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental figures, p.126 Transparency, p.111-112		✓
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental figures, p.126 Transparency, p.111-112		✓

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 305: Emissions 2016	305-3	Other indirect (Scope 3) GHG emissions	Environmental figures, p.126 Transparency, p.112-113		✓
	305-4	GHG emissions intensity	Environmental figures, p.126 Transparency, p.111-113		
	305-5	Reduction of GHG emissions	Environmental figures, p.126 Proud to be CO ₂ neutral, p.52 Transparency, p.111-112 Overview of non-financial information, p.108		
GRI 306: Effluents and waste 2016	306-2	Waste by type and disposal method	Committed to the circular economy, p.54-55 Transparency, p.114 Environmental figures, p.127		✓
	Own indicator	Percentage of waste recycled, reused or composted	Committed to the circular economy, p.54 Overview of non-financial information, p.108 Environmental figures, p.127		
Linked with highly material topic: Sustainable Supply Chain					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Committed to a sustainable supply chain, p.56 Boundaries: - Inside: management of Proximus group - Outside: suppliers and communities in countries of operations		
	103-2	The management approach and its components	Committed to a sustainable supply chain, p.56 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Overview of non-financial information, p.108 Committed to a sustainable supply chain, p.56 Proximus governance model, p.59 Non-financial governance, p.72		
GRI 308: Suppliers environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	Committed to a sustainable supply chain, p.56 Overview of non-financial information, p.108	Our screening policy is not specific on the new suppliers but rather on the significant suppliers contracted in the reported year. In 2019, our screening policy covered 32% of the total purchase amount.	

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 308: Suppliers environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Committed to a sustainable supply chain, p.56 In 2019, 25% (36) of suppliers screened on environmental risks had a negative score. None of them saw their relationship with Proximus Group terminated as a result of the assessments. These are used to promote sustainability among suppliers and to raise their sustainability standards. Suppliers screened on environmental risks with a negative score are systematically reassessed the year following the initial assessment. Action points of sustainability audits are systematically followed-up by Proximus Group within the Joint Audit Cooperation.		
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Committed to a sustainable supply chain, p.56		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Committed to a sustainable supply chain, p.56 100 % of investment agreements include human rights clauses or underwent such screening. We define significant investment agreements as contracts with a value above or equal to EUR 125 K.		
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	Committed to a sustainable supply chain, p.56 Overview of non-financial information, p.108	Our screening policy is not specific on the new suppliers but rather on the significant suppliers contracted in the reported year. In 2019, our screening policy covered 32% of the total purchase amount.	
	414-2	Negative social impacts in the supply chain and actions taken	Committed to a sustainable supply chain, p.56 In 2019, 15% (21) of suppliers screened on labour practices & human rights risks had a negative score. None of them saw their relationship with Proximus Group terminated as a result of the assessments. These are used to promote sustainability among suppliers and to raise their sustainability standards. Suppliers screened on labour practices & human rights risks with a negative score are systematically reassessed the year following initial assessment. Action points of sustainability audits are systematically followed-up by Proximus Group within the Joint Audit Cooperation.		
	Own indicator	% of the total spend covered by supplier CSR scorecards - Proximus PLC	Environmental figures, p.127		
	Own indicator	Number of onsite audits in collaboration with JAC	Environmental figures, p.127		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Linked with highly material topic: Human capital and employee development					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Caring for our employees, p.36-40 Boundaries: - Inside: Proximus employees		
	103-2	The management approach and its components	Caring for our employees, p.36-40 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Caring for our employees, p.36-40 Overview of non-financial information, p.107 Proximus governance model, p.59 Non-financial governance, p.72		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Social figures, p.123		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Proximus doesn't exclude part-time or temporary employees from the benefit package aimed at the full-time employees. However, for benefits with a direct link with remuneration/service, the level of the benefit is impacted by the part-time regime at due proportion (supplementary retirement plan, death coverage, disability coverage)	As Proximus makes no exception for the benefits given to its employees, a definition for "significant locations of operation" is not relevant to add.	
	401-3	Parental leave	Social figures, p.123-124		
	Own indicator	Employee engagement		The Speak Up survey for the 2019 results was organized in January 2020.	
	Own indicator	Internal mobility	Caring for our employees, p.36-37 Overview of non-financial information, p.107		
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Caring for our employees, p.36-37 Social figures, p.124		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 404: Training and education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Caring for our employees, p.36 Overview of non-financial information, p.106 (Proportion of Proximus employees actively looking for knowledge or people by using our enterprise social network (#WAP))		
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance review, development and career coaching are closely linked to our culture. Our performance review process focuses on the strengths of employees to sharpen them further, through continuous coaching and feedback. We are convinced that this approach is beneficial for the employee himself. Indeed, an employee who evolves and develops, will perform all the better. It is also beneficial for Proximus because it helps it, in the end, to return to growth. At least 2 times a year each active employee receives a performance/ career review.		
	Own indicator	Employees using latest digital tool Office 365 OneDrive	Caring for our employees, p.36-37 Overview of non-financial information, p.106		
	Own indicator	Phishing exercises. Employee awareness results: employees who informed CSIRT	Digital trust, p.26-27 Overview of non-financial information, p.105		
Linked with highly material topic: Health and safety					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Caring for our employees, p.36-40 Boundaries: - Inside: Proximus employees		
	103-2	The management approach and its components	Caring for our employees, p.36-40 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Overview of non-financial information, p.107 Proximus governance model, p.59 Non-financial governance, p.72		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Material topic 403: Occupational health & safety 2018	403-1	Occupational health and safety management system	Caring for our employees, p.40		
	403-2	Hazard identification, risk assessment, and incident investigation	Caring for our employees, p.40 Every accident at work occurring at Proximus must be reported as quickly as possible on a national & free phone number. A separate procedure exists for the subsidiaries. This can be consulted via Human Resources/HR department of the subsidiary. Accident data is treated by the RISK department in a database & each work accident analysis will be performed by the Corporate Prevention & Protection Department (CPP). In case of a serious accident at work, CPP will ensure it is reported as required to the Well-being at Work supervisory body or any other public authorities. For each work accident CPP will look together with the management of the concerned department for prevention and/or protection measurements as to prevent that the accident will happened again under the same circumstances.		
	403-3	Occupational health services	Caring for our employees, p.40	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees.	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for our employees, p.40		
	403-5	Worker training on occupational health and safety	Caring for our employees, p.40	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees.	

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Material topic 403: Occupational health & safety 2018	403-6	Promotion of worker health	Caring for our employees, p.40	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees.	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for our employees, p.40		
	403-9	Work-related injuries	Caring for our employees, p.36, 40 Social figures, p.124 Overview of non-financial information, p.107	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees.	
Linked with highly material topic: Connectivity and digital inclusion					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Contributing to society, p.44-50 Boundaries: - Inside: management of Proximus Group - Outside: government institutions, communities and customers in countries of operations		
	103-2	The management approach and its components	Contributing to society, p.44-50 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.107		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 413: Local communities 2016	Own indicator	Percentage of accessible tested devices (at least for 1 disability category)	Contributing to society, p.46 Overview of non-financial information, p.107		✓
	Own indicator	Number of job seekers supported by our initiatives in Belgium	Contributing to society, p.44-45 Overview of non-financial information, p.107		✓
	Own indicator	Number of sick children connected to their school by Bednet and Take Off	Contributing to society, p.47 Overview of non-financial information, p.107		✓
Linked with highly material topic: Privacy and data security					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Digital trust, p.26-28 Boundaries: - Inside: Proximus Group (management and employees) - Outside: government institutions, communities and customers in countries of operations		
	103-2	The management approach and its components	Digital trust, p.26-28 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.105		
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2019, Proximus reported 4 personal data incidents to the Belgian Data Protection Authorities.		
	Own indicator	International certifications related to privacy and cybersecurity	Digital trust, p.26-27 Overview of non-financial information, p.105		
Linked with highly material topic: Responsible marketing					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Customer first, p.33, 35 Boundaries: - Inside: management of Proximus Group - Outside: customers in countries of operations		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 103: Management approach 2016	103-2	The management approach and its components	Customer first, p.35 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.106		
GRI 417: Marketing and labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	Customer first, p.33, 35 Overview of non-financial information, p.106		
Linked with highly material topic: Customer relationship					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.117 Customer first, p.33 Boundaries: Outside: all customers, in countries of operations		
	103-2	The management approach and its components	Customer first, p.33 Proximus governance model, p.59 Non-financial governance, p.72		
	103-3	Evaluation of the management approach	Proximus governance model, p.59 Non-financial governance, p.72 Overview of non-financial information, p.106	We don't disclose this information as it is commercially sensitive information	
	Own indicator	Field repairs	Customer first, p.33 Overview of non-financial information, p.106		

* The definition of each KPI can be found in the section "KPI definition".

KPI definition

4G indoor coverage	The indoor coverage refers to the average coverage of 4G inside of buildings. Results are based on BIPT/IPBT public figures in Q4 2019 and represent the population coverage percentage based on a simulation provided by the operators calibrated on basis of BIPT-drive-tests with signal levels at good level (≥ -97.5 dBm).
4G outdoor coverage	The outdoor coverage refers to the average coverage of 4G outside of buildings. Results are based on BIPT/IPBT public figures in Q4 2019 and represent the population coverage percentage based on a simulation provided by the operators calibrated on basis of BIPT-drive-tests with signal levels at satisfactory level (≥ -110 dBm).
Fixed Internet speed 70Mbps and above	This is the percentage of homes in Belgium that can be connected to our network with a speed of at least 70 Mbps. This includes copper & fiber homes passed.
Average VDSL2	This records the average VDSL2 speed of the homes connected to the Proximus VDSL2 network.
Vectoring coverage in Belgium	This records the percentage of Belgium which is covered by the vectoring technology. This technology allows for higher speed of the copper network connections.
IoT connections	Records the number Internet of things (IoT) connections in our network. using different wireless technology (LTE, LoRa, NB-IoT).
International certifications related to privacy and cybersecurity	Records the number of international certifications Proximus has acquired in the domain of cybersecurity and privacy.
Phishing exercises: employee awareness results	Number of employees that reported the 'real life' phishing mails they received (as part of an internal awareness campaign) to our corporate Cyber Security Incident Response Team (CSIRT). The numbers are the average of the two internal phishing campaigns Proximus organized.

Blended usage satisfaction for residential customers	Blended satisfaction with the use of our Internet, television and mobile phone services for residential customers.
Customer complaints	Decrease or increase seen in number of complaints made by residential customers that are not solved in first line by a call center agent and are therefore handled in second line by the Proximus back office.
Field repairs	In-home repair interventions by Proximus technicians to enable the customer to make optimal use of Proximus products.
Internal mobility	The number of internal moves is the total number of function changes during one year by Proximus employees.
Frequency rate of occupational accidents	Number of accidents that people suffer at work (multiplied by 1,000,000) divided by the total number of hours worked by Proximus S.A. employees.
Severity rate of occupational accidents	Number of accidents that people suffer at work (multiplied by 1,000) divided by the total number of hours worked by Proximus S.A. employees.
Percentage of accessible tested devices (at least for 1 disability category)	Percentage of devices which have been tested and proven accessible for at least one disability category by our partner Passe-Muraille.
Number of job seekers supported by our initiatives in Belgium	Number of job seekers which were helped through our initiatives (MolenGeek, 19, Technobel) during one year.
Unique reach of Music & Sports content on Proximus platforms	The total number of unique users who see the music and sports content during one year.

Unique reach of sponsoring events	Unique visitors on sponsored events (estimate based on organizations' figures).
Carbon emissions 1+2 compared to previous year	Carbon footprint of Proximus group, in line with the GHG protocol, including the emissions related to heating gas and fuel, electricity consumption and fleet fuel.
Carbon neutrality level for own operations and business travel	To which extent Proximus Group is carbon neutral for all its operations and business travel.
Energy consumption compared to 2008	Decrease or increase seen in the energy consumption of Proximus Group in comparison with 2008 (when we set our objective to reduce our carbon footprint by 70% in the period 2007- 2020).
Electricity consumed from renewable energy sources	Percentage of electricity used by Proximus Group which came from renewable energy sources.
Percentage of waste recycled, reused or composted	The percentage of waste produced by Proximus S.A.'s operations which was then recycled, reused or composted. The remaining percentage is incinerated with energy recovery.
Collected mobile phones	Number of mobile phones collected over the course of one year to recycling them.
Refurbished modems and TV decoders	Number of refurbished modems and TV decoders over the course of one year to recycling them.

Assurance statement



Independent auditor’s report on the limited review performed on a selection of non-financial performance indicators published in the document “Annual Report 2019” of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2019

To the board of directors

We have been engaged to perform limited review procedures aimed at expressing a limited assurance conclusion on a selection of non-financial performance indicators (the “Non-Financial Data”) published in the document “Annual Report 2019” of Proximus SA de droit public / NV van publiek recht (“Proximus”) for the year ended 31 December 2019. The Non-Financial Data have been defined following the *Global Reporting Initiative* (GRI) standards and Proximus’ internal non-financial reporting guidelines. The Non-Financial Data have been selected by Proximus management and are as follows:

Enabling a better digital life

- 4G indoor coverage
- 4G outdoor coverage
- Fixed internet: 30Mbps coverage
- Number of projects with universities/education institutes

Respecting our environment

- Energy efficiency index (energy consumption vs total revenue) – Group
- Electricity (Terajoules) – Group
- Heating (Terajoules) – Group
- Vehicle fleet fuel (Terajoules) – Group
- CO2 emissions scope 1 and 2 (KTons) – Group
- CO2 emissions scope 1 – heating, refrigerants and fleet fuel (KTons) – Group
- CO2 emissions scope 2 – electricity – market based method (KTons) – Group
- CO2 emissions scope 3 – all reported categories – i.e. category 1, 2, 3, 4, 5, 6, 7 and 11 (KTons) – Belgium
- Waste (KTons) – Belgium
- % of hazardous waste – Belgium
- % waste reused/recycled – Belgium
- Non-hazardous waste – recycled or reused (KTons) – Belgium
- Non-hazardous waste – with energy recovery (KTons) – Belgium
- Hazardous waste – recycled or recovered (KTons) – Belgium

Caring for our stakeholders

- Number of cases investigated by the investigations department for violation of policies/code of conduct
- Number of whistleblowing cases

Contributing to society

- Number of job seekers supported by Proximus initiatives in Belgium
- Number of sick children connected to their school by Bednet and Take Off
- Percentage of accessible tested devices (at least for 1 disability category)

The scope of our work has been limited to the Non-Financial Data covering the year 2019 and including only the values retained within the scope of reporting defined by Proximus. The reporting scope covers Proximus SA de droit public / NV van publiek recht and its subsidiaries Telindus-ISIT BV, Proximus Luxembourg SA and BICS SA (the “Group”). Our conclusion as formulated below covers therefore only these Non-Financial Data and not all information included in the Annual Report 2019.



Responsibility of the board of directors

The board of directors of Proximus is responsible for the Non-Financial Data and the references made to it presented in the Annual Report 2019 as well as for the declaration that its reporting meets the requirements of the GRI standards and of Proximus’ internal non-financial reporting guidelines.

This responsibility includes the selection and application of appropriate methods for the preparation of the Non-Financial Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Non-Financial Data.

Nature and scope of our engagement

Our responsibility is to express an independent conclusion on the Non-Financial Data based on our limited review.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements other than Audits or Reviews of Historical Information”.

Our procedures are aimed at obtaining limited assurance on the fact that the Non-Financial Data do not contain material misstatements. These procedures are less profound than the procedures of a reasonable assurance engagement.

The scope of our work included, amongst others, the following procedures:

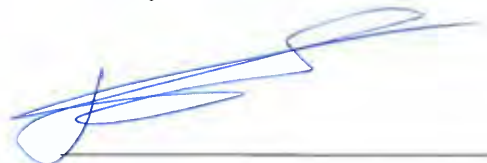
- Assessing and testing the design and functioning of the systems and procedures used for data-gathering, processing, classification, consolidation as well as validation of the methods used for calculating and estimating the Non-Financial Data published in the Annual Report 2019;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence to validate the reliability of the Non-Financial Data and performing consistency checks on the consolidation of the Non-Financial Data.

Conclusion

Based on our limited review, as described in this report, nothing has come to our attention that causes us to believe that the Non-Financial Data, as defined above, related to Proximus published in the Annual Report 2019, have not been prepared, in all material respects, in accordance with the GRI standards and Proximus’ internal non-financial reporting guidelines.

Zaventem, 21 February 2020

The independent auditor



DELOITTE Bedrijfsrevisoren CVBA / Réviseurs d’Entreprises SCRL
Represented by Koen Neijens



Consolidated Management Report

2019

proximus

Management discussion and analysis of financial results

1. Introductory remarks

Underlying revenue and EBITDA

Since 2014, Proximus' management discussion has been focused on underlying figures, i.e. after deduction of the incidentals. The underlying company figures are reported to the chief operating decision makers in view of resources allocation and performance assessment.

Proximus provides in a transparent way a view of the operational drivers of the business by isolating incidentals, i.e. revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant

impact on the year-on-year variance of the Proximus Group revenue or EBITDA. In addition, following the application of the accounting standard IFRS 16, the definition of "underlying" was adjusted to include as of 2019 the lease depreciation & interest. The adjusted revenue and EBITDA are referred to as "underlying" and allow for a meaningful year-on-year comparison.

Definitions can be found in section 6 of this document.

(EUR million)	Revenues		Ebitda	
	2018	2019	2018	2019
Reported	5,829	5,697	1,794	1,676
Lease depreciations	nr		nr	-82
Lease interests	nr		nr	-2
Incidentals	-21	-11	70	278
Underlying	5,807	5,686	1,865	1,870
Total incidentals	-21	-11	70	278
Capital gains on building sales	-21	-7	-21	-7
Early Leave Plan and Collective Agreement			41	19
Fit For Purpose Transformation Plan				253
Shift to Digital plan*				9
M&A-related transaction costs			8	9
Change in M&A contingent consideration		-4		-4
Pylon Tax provision update (re. past years)			20	-1
Enterprise software Impairment & settlement			22	

*The incidental costs related to the Shift to Digital plan represent mainly exceptional costs linked to the optimization of Proximus' sales channel footprint following its increased focus on e-Sales.

Reporting changes as from 2019

The financial results of the Proximus Group are reported under the accounting standards IFRS 15 and, as of 2019, under IFRS 16 (replacing IAS 17).

When applying IFRS 16 as from 2019, Proximus opted for the simplified transition method. No restatement of the prior year was done. However, to allow for a meaningful year-on-year comparison, and the consistency of performance measures, Proximus adjusted its performance measures commented in this financial report as follows:

- The definition of "Underlying" was adjusted to include, as of 2019, the lease depreciation & interest;
- Capex excludes, as of 2019, the Acquisition of right of use of assets;

- FCF is defined as Cash flow before financing activities, but after lease payments;
- and besides the Net Finance Position, Proximus reports an Adjusted Net Finance Position excluding all lease liabilities.

Furthermore, the following Segment reporting changes have been applied:

- The Consumer revenue structure was simplified, reflecting the high convergence rate of the revenue base.
- The Fixed customer base of Tango Luxembourg is included in the Group total.
- Some minor changes to the Enterprise revenue structure were implemented.

Disaggregation of revenue

The revenue by segment is disclosed in the table below.

31 December 2019							
(EUR million)	GROUP	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	5,638	1,297	4,341	2,820	1,413	181	-73
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	5,638	1,297	4,341	2,820	1,413	181	-73
Other operating income (underlying)	48	4	44	25	6	0	13
Other operating income (incidentals)	11	0	11	0	7	0	4
Other operating income (reported)	59	4	55	25	13	0	17
Total income (underlying)	5,686	1,301	4,386	2,845	1,419	182	-60
Total income (incidentals)	11	0	11	0	7	0	4
Total income (reported)	5,697	1,301	4,396	2,845	1,426	182	-56

Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Key Figures - 10-year overview

	IFRS 15								IFRS 15&16	
Income Statement (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Reported income	7,040	6,417	6,462	6,318	6,112	6,012	5,873	5,802	5,829	5,697
Revenue incidentals	N/A	N/A	N/A	N/A	248	17	3	24	21	11
Underlying revenue	N/A	N/A	N/A	N/A	5,864	5,994	5,871	5,778	5,807	5,686
Reported EBITDA (1)	2,428	1,897	1,786	1,699	1,755	1,646	1,733	1,772	1,794	1,676
Lease depreciation and interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84
EBITDA incidentals	N/A	N/A	N/A	N/A	102	-88	-63	-51	-70	-278
Underlying EBITDA (1)	N/A	N/A	N/A	N/A	1,653	1,733	1,796	1,823	1,865	1,870
Depreciation and amortization	-809	-756	-748	-782	-821	-869	-917	-963	-1,016	-1,120
Operating income (EBIT)	1,619	1,141	1,038	917	933	777	816	809	778	556
Net finance income / (costs)	-102	-106	-131	-96	-96	-120	-101	-70	-56	-47
Share of loss on associates	0	0	0	0	-2	-2	-1	-2	-1	-1
Income before taxes	1,517	1,035	907	822	835	655	715	738	721	508
Tax expense	-233	-262	-177	-170	-154	-156	-167	-185	-191	-116
Non-controlling interests	17	17	19	22	27	17	25	30	22	392
Net income (Group share)	1,266	756	712	630	654	482	523	522	508	373
Cash flows (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cash flows from operating activities	1,666	1,551	1,480	1,319	1,447	1,386	1,521	1,470	1,558	1,655
Cash paid for Capex	-734	-757	-773	-852	-916	-1,000	-962	-989	-1,099	-1,091
Cash flows from / (used in) other investing activities	48	-7	-16	38	180	22	0	-189	-8	12
Lease payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-78
Free cash flow (2)	980	788	691	505	711	408	559	292	451	498
Cash flows from / (used in) financing activities other than lease payments	-728	-1,051	-809	-353	-364	-608	-764	-256	-444	-515
Net increase / (decrease) of cash and cash equivalents	252	-264	-118	152	347	-200	-205	36	7	-17
Balance sheet (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Balance sheet total	8,511	8,312	8,243	8,417	8,522	8,283	8,117	8,527	8,671	8,978
Non-current assets	6,185	6,217	6,192	6,254	6,339	6,386	6,372	6,735	6,850	7,160
Investments, cash and cash equivalents	627	356	285	415	710	510	302	338	344	327
Shareholders' equity	3,108	3,078	2,881	2,846	2,779	2,801	2,819	2,857	3,005	2,856
Non-controlling interests	235	225	211	196	189	164	162	156	148	142
Liabilities for pensions, other post-employment benefits and termination benefits	565	479	570	473	504	464	544	568	605	864
Net financial position (incl. lease liability)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2,492
Net financial position (excl. lease liability as from 2019)	-1,451	-1,479	-1,601	-1,815	-1,800	-1,919	-1,861	-2,088	-2,148	-2,185
Proximus share	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Weighted average number of ordinary shares (3)	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006
Basic earnings per share - as reported (EUR) (4)	394	236	224	198	204	150	162	162	158	116
Total dividend per share (EUR)	218	218	249	218	150	150	150	150	150	150
Share buyback (EUR million)	0	100	0	0	0	0	0	0	0	0
Data on employees	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of employees (full-time equivalents)	16,308	15,788	15,859	15,699	14,187	14,090	13,633	13,391	13,385	12,931
Average number of employees over the period	16,270	15,699	15,952	15,753	14,770	14,040	13,781	13,179	13,161	13,007
Underlying revenue per employee (EUR)	N/A	N/A	N/A	N/A	410,746	426,958	425,997	438,413	441,238	437,173
Total income per employee (EUR)	432,685	408,760	405,084	401,080	413,826	428,194	426,201	440,240	442,870	438,005
Underlying EBITDA per employee (EUR)	N/A	N/A	N/A	N/A	111,923	123,467	130,315	138,325	141,681	143,801
Total EBITDA per employee (EUR)	149,247	120,834	111,973	107,851	118,798	117,251	125,743	134,483	136,342	128,856
Ratios - on underlying basis	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Return on Equity	N/A	N/A	N/A	N/A	21.8%	18.9%	19.4%	19.2%	18.4%	19.9%
Direct margin	N/A	N/A	N/A	N/A	57.8%	59.6%	61.8%	62.5%	63.4%	64.6%
Net debt (excl. lease liability as from 2019) / EBITDA	N/A	N/A	N/A	N/A	1.09	1.11	1.04	1.15	1.15	1.17

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities but after lease payments.

(3) i.e. excluding Treasury shares

(4) No difference between basic and diluted earnings per share

- Consumer segment posted solid customer growth for Internet, TV and Mobile Postpaid, supported by Tuttimus and Bizz All-in, in highly competitive market.
- Enterprise segment benefitted from its strengthened ICT portfolio through acquired companies, and its sustained strong position in the Belgian Telecom market.
- Domestic revenue pressure from low-margin products and services, legacy erosion and regulatory headwinds.
- Domestic EBITDA grew by 0.4% on strong cost control.
- BICS' 2019 EBITDA nearly stable at €153M.
- The Proximus Group EBITDA was up by 0.3% on an underlying basis.
- Free Cash Flow of EUR 498 million, or EUR 504 million excluding acquisitions.

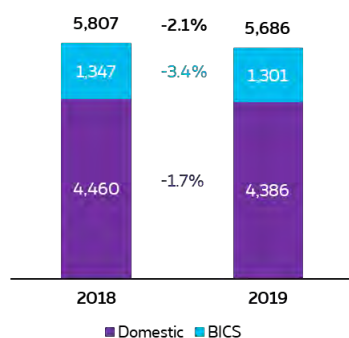
2. Proximus Group

Revenue

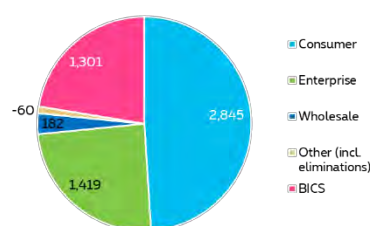
The Proximus Group ended the year 2019 with total underlying revenue of EUR 5,686 million, 2.1% below that of the prior year. Within the mix, the underlying Domestic revenue decreased by 1.7%, and revenue from BICS, Proximus' International Carrier business unit, ended 3.4% below that of the prior year.

Group underlying revenue
EUR 5,686M

Group revenue (underlying, M€)

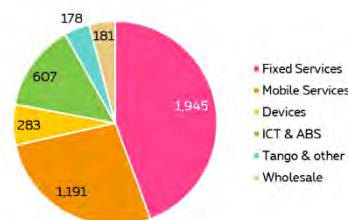


Group revenue by segment (underlying, M€)



For its Domestic operations, Proximus posted revenue of EUR 4,386 million in 2019, with the largest part coming from retail Fixed and Mobile Telecom services generated by the Consumer and Enterprise segments.

Domestic revenue by product (underlying, M€)



Despite Proximus' continued customer growth in the Consumer segment, and maintaining a strong position in the Enterprise segment, the revenue from domestic operations was down from the

prior year by EUR 75 million or 1.7%. This included a EUR 25 million decrease in devices revenues driven by the declining business of reselling standalone mobile terminals at low margin. Excluding this, the domestic revenue ended -1.2% below that of the prior year. Furthermore, regulatory impact on Fixed Termination and International calling/texting rates, affected the revenue negatively by about EUR -31 million, excluding the unfavorable impact from the legislation on customer reminder fees. The remaining revenue pressure largely resulted from an eroding Prepaid and Fixed Voice base, and lower Mobile inbound revenue, which was not fully compensated for by the growth achieved in Proximus' core products.

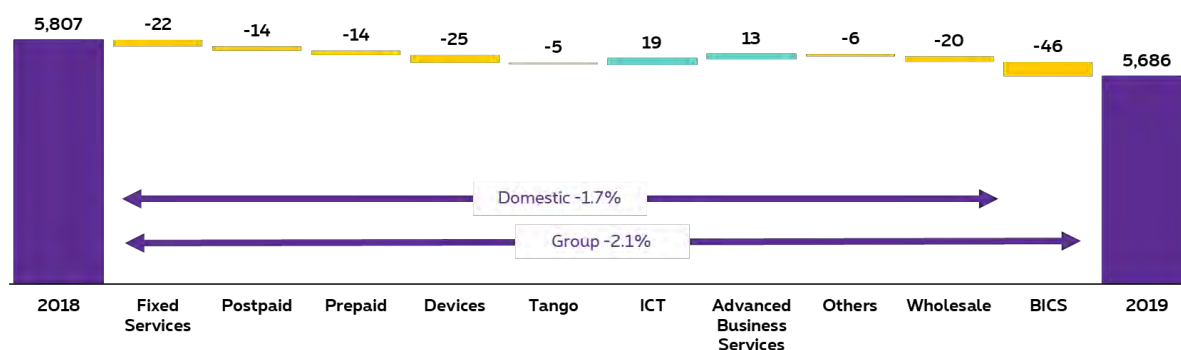
In a challenging competitive setting, Proximus achieved an ongoing expansion of its TV, Internet

and Mobile Postpaid customer base. Moreover, the revenue from ICT showed good progress, benefitting from a strengthened ICT portfolio, including the acquisition of several small, specialized ICT companies.

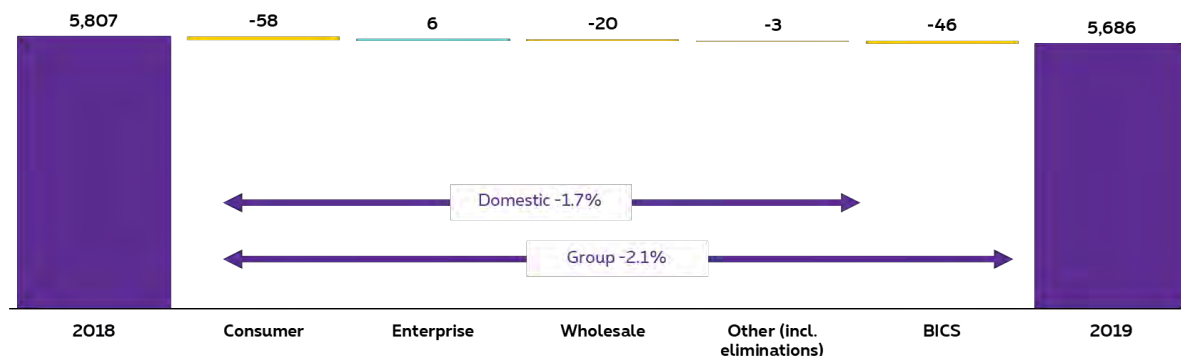
In 2019, BICS' revenue totaled EUR 1,301 million, -3.4% below that of 2018.

For 2019, BICS posted a strong growth in its non-voice revenue, driven by a solid increase in messaging volumes, with especially TeleSign boosting the A2P volumes. This was however more than offset by the ongoing revenue erosion in BICS' traditional Voice services, driven by a lower unit revenue following lower termination rates, competition and a less favorable revenue destination mix.

Revenue evolution per product group (underlying, M€)

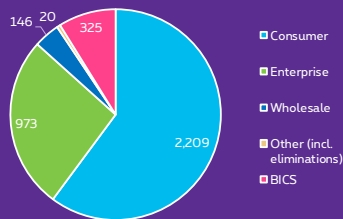


Revenue evolution by segment (underlying, M€)



Direct Margin

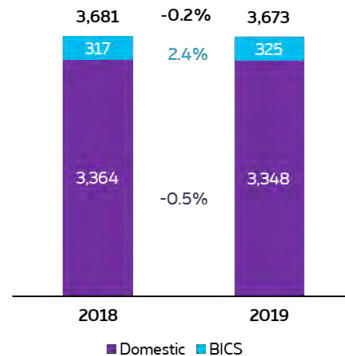
Over the full-year 2019 the Proximus Group Direct Margin totaled EUR 3,673 million, remaining stable (-0.2%) in relation to 2018.



With EUR 3,348 million, Proximus' Domestic direct margin ended -0.5% or -EUR 16 million below that of 2018. The year-on-year variance was impacted by a -EUR 18 million negative effect from the regulatory impact on Fixed Termination and International calling/texting rates, excluding the unfavorable impact from the legislation on customer reminder fees. The regulatory headwind was offset by the positive effect of Proximus' customer growth and higher margin achieved in ICT and Advanced Business Services, including the benefit from acquired companies.

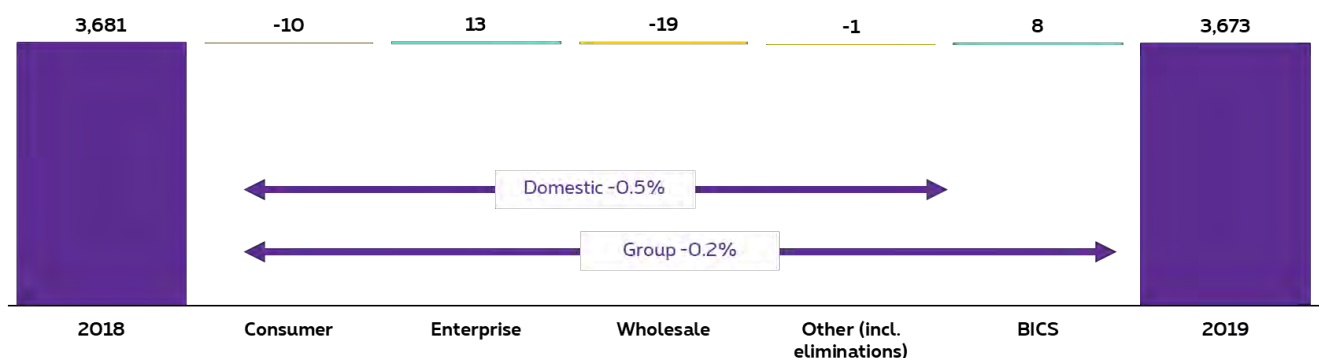
The direct margin of BICS increased by 2.4% year-on-year to total EUR 325 million for 2019. This was driven by BICS' non-Voice services direct margin which benefitted from the BICS-TeleSign combination, with growing SMS A2P volumes and the realization of direct cost synergies. This was only in a limited way offset by the impact of the gradual insourcing by MTN, with the effect coming slower than expected.

Direct Margin (underlying, M€)



**Group underlying direct margin
EUR 3,673M**

Direct Margin evolution by segment (underlying, M€)



Operating expenses

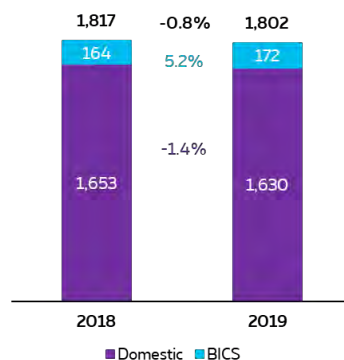
Over 2019, the Proximus Group operating expenses totaled EUR 1,802 million, a decrease by EUR 15 million or -0.8% from the prior year. Proximus continued to keep a strong focus on structurally improving its Domestic cost base, by means of efficiency and digitalization. As a result, Proximus' **Domestic expenses were reduced by EUR 23 million over the year**, totaling EUR 1,630 million for 2019. Within the mix, the Domestic non-workforce costs were down by 2.5% while workforce expenses were down by 0.8%. This in spite of higher expenses associated to the 2018 ICT acquisitions, for which the effect only lapped mid-2019.

In the course of 2019, Proximus' Domestic headcount decreased by 516 FTEs. This was mainly the result of employees leaving in the ongoing "voluntary early leave plan ahead of retirement", retirements and natural outflow, partially off-set by acquisitions in the ICT domain and hirings in business-critical functions. This brought Proximus' Domestic headcount to 12,143 FTEs by end-2019.

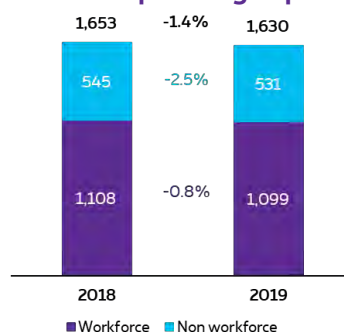
**Strong focus on efficient
Domestic cost structure led to a
net cost saving of
EUR 23M**

The Operating expenses of BICS totaled EUR 172 million for 2019, an increase by 5.2%. This was mainly driven by additional hiring at TeleSign to support its growth.

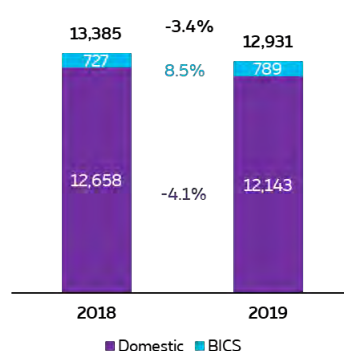
Operating expenses (underlying, M€)



Domestic operating expenses (underlying, M€)



Headcount evolution (in FTE)



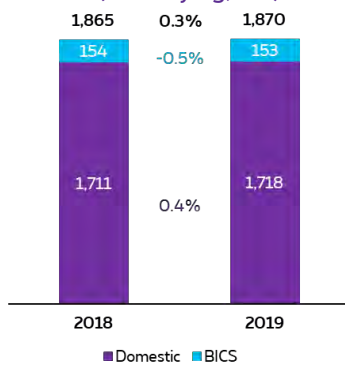
Underlying EBITDA

The Proximus Group posted an underlying EBITDA of EUR 1,870 million for 2019, up by 0.3% and meeting its expectation for the year.

Group underlying EBITDA

+0.3%

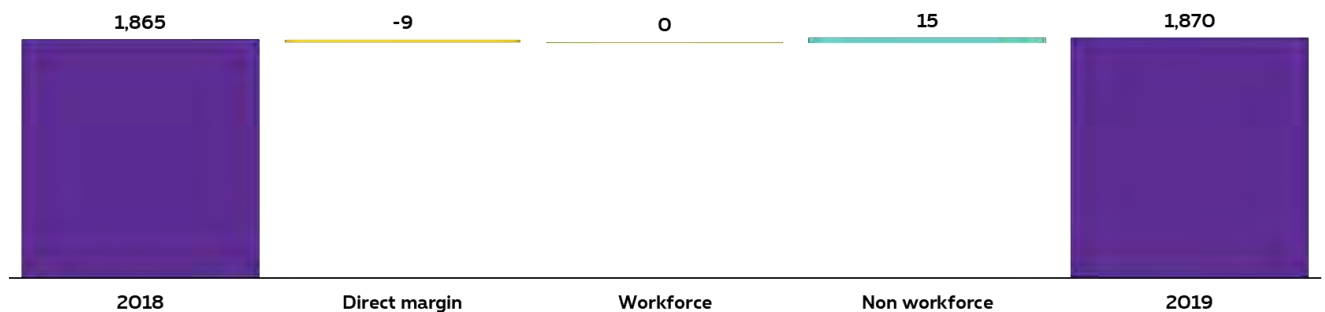
EBITDA (underlying, M€)



The Domestic operations of Proximus grew the EBITDA by 0.4% to a total of EUR 1,718 million. This was driven by the companies' strong cost control, more than offsetting the slightly lower Direct Margin. With a more efficient cost structure, the Domestic EBITDA margin improved to 39.2%, up from 38.4% for 2018.

BICS closed 2019 with its Segment Result totaling EUR 153 million, 0.5 % below that of the prior year following its increased cost base to support its growth areas, and a minor impact as a consequence of the gradual insourcing of services by MTN. BICS' segment margin as percent of revenue for 2019 was 11.7%, up 0.3 p.p. from the previous year.

EBITDA evolution (underlying, M€)

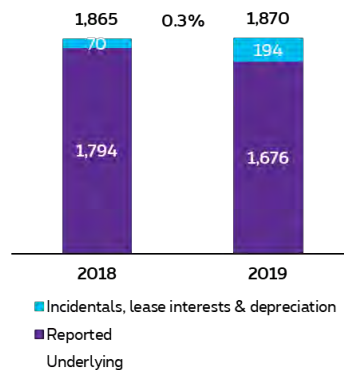


Reported EBITDA

Incidentals included, and operating lease excluded, the Proximus Group reported EBITDA of EUR 1,676 million, whereas this was EUR 1,794 million for the year before. See page 3 for more information on the incidentals.

In 2019, the Proximus Group recorded EUR 278 million net EBITDA incidentals, compared to EUR 70 million for 2018. The 2019 incidentals included mainly expenses recorded in the framework of the Fit for Purpose transformation plan of EUR 253 million (covering the costs for termination benefits reduced by the resulting impacts on complementary pensions, other post-employment benefits and sickness days provision) and the Early Leave Plan ahead of Retirement of EUR 19 million. The lease depreciation and interest for 2019 totaled EUR 84 million. As from 2019, following the application of IFRS 16, these expenses are excluded from the reported EBITDA.

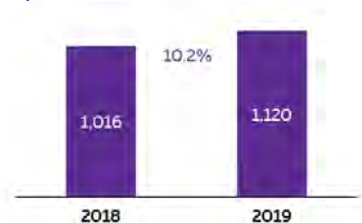
Reported and underlying EBITDA (M€)



Depreciation and amortization

In 2019, the depreciation and amortization totaled EUR 1,038 million, excluding lease depreciation. This compares to EUR 1,016 million for 2018. With lease depreciation included, the 2019 depreciation & amortization totaled EUR 1,120 million. The year-on-year increase is mainly due to a higher asset base to depreciate following the increased investment levels over the past years, amongst which the ongoing Fiber roll-out, and the depreciation and amortization from acquired companies.

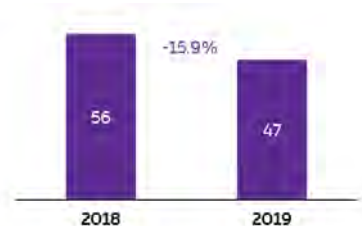
Depreciation and amortization incl. lease depreciation (M€)



Net finance cost

The net finance cost for the year 2019 totaled EUR 47 million, EUR 9 million lower versus last year's level of EUR 56 million, which included an additional interest expense on the reassessed tax on pylons liability.

Net finance cost incl. Lease interest (M€)



Tax expense

The 2019 tax expenses amount to EUR 116 million, representing an **effective tax rate** of 22.8 %.

The difference with the Belgian statutory tax rate of 29.58% results from the application of general principles of Belgian tax law such as the patent income deduction and other R&D incentives. The year-on-year decrease results also from the Fit for Purpose restructuring cost lowering the income tax base.

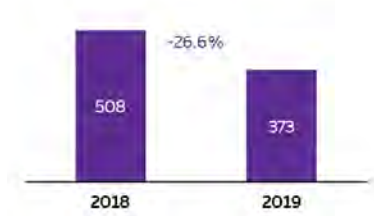
Tax expense and ETR (M€)



Net income

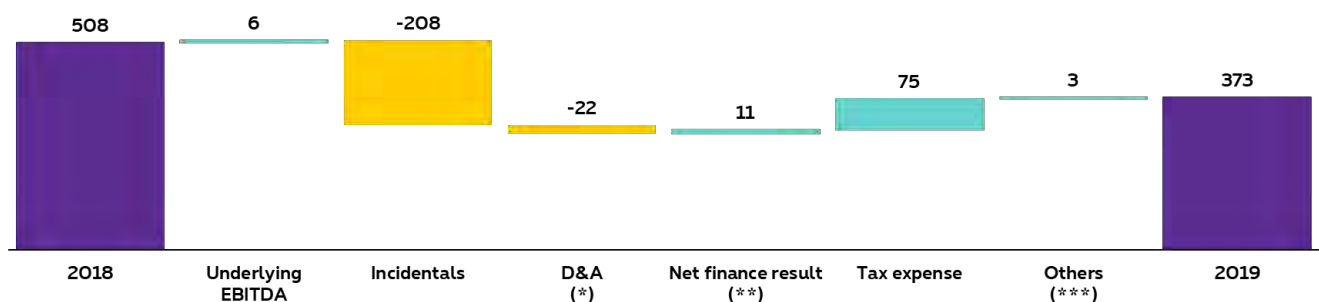
Proximus reported a 2019 net income (Group share) of EUR 373 million. This is down from the prior year largely as a result of a higher level of incidentals booked in 2019, including the restructuring cost related to the Fit for Purpose transformation plan. This was in part offset by the slightly positive underlying Group EBITDA, lower finance cost and lower tax expenses.

Net income (Group Share) (M€)



€ 373M
Net income

Net income evolution (M€)



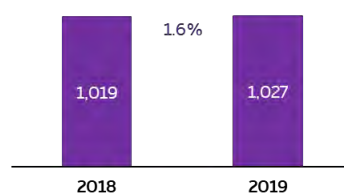
(*) excluding lease depreciation; (**) excluding lease interest; (***) includes Non-controlling interests and Share of loss from associates

Capex

The level of Capex reflects the Group strategy to invest extensively in enhancing its networks and improving the overall customer experience. In line with its expectations, Proximus invested a total amount of EUR 1,027 million in 2019, stable in relation to the EUR 1,019 million invested in 2018. With Proximus' Fiber for Belgium project ramping up, this consumed a larger share of the yearly capex envelope. The deployment of this future-proof network kicked off early 2017, and by end-2019, inhabitants of 13 cities were being connected to Fiber. Proximus also invested extensively in its IT platforms, the ongoing multi-

year modernization of its transport network, and attractive content for its TV customers. Coping with an ongoing steep increase in mobile data traffic, Proximus also invests to ensure a top-quality mobile network for its mobile customers.

Accrued Capex excluding spectrum (M€)



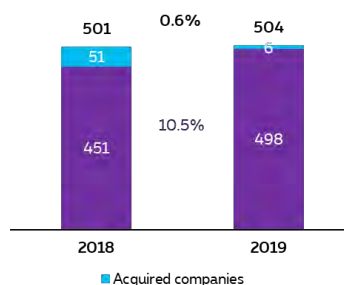
Free Cash Flow

Proximus' 2019 FCF totaled EUR 498 million, or EUR 504 million when excluding the 2019 cash-out related to acquisitions. This is rather stable relative to the EUR 501 million for 2018 (adjusted for acquisition cash-out for ION-IP, Umbrio and Codit).

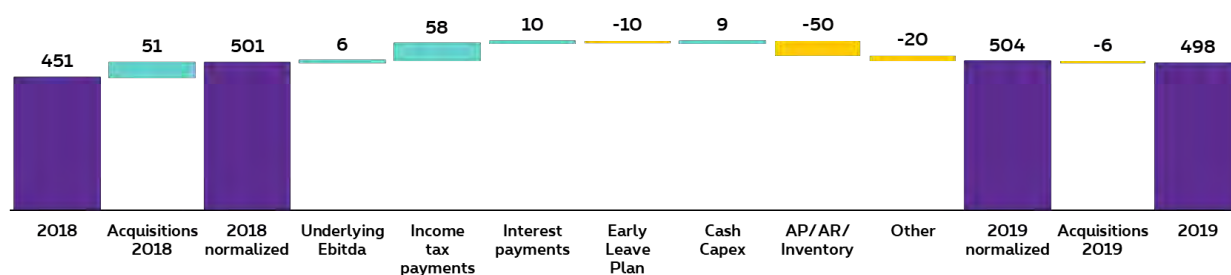
In 2019, the higher amount of cash needed for Business working capital (very good performance in 2018), payments made in the 2016 Early Leave ahead of Retirement restructuring plan, and less proceeds from building sales, was offset by lower cash out for income tax and interests, less cash needed for Capex and a positive evolution in underlying EBITDA.

€ **504** M normalized FCF

Free Cash Flow (M€)



Free Cash Flow evolution (M€)

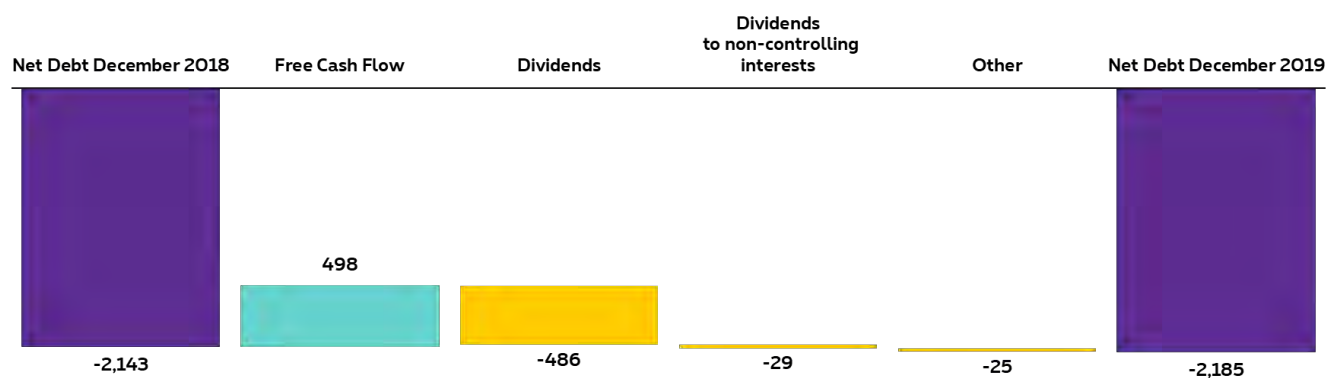


Net financial position

Proximus maintained a solid financial position with an adjusted¹ net debt of EUR 2,185 million end-2019. The net debt increased from one year ago

following acquisitions whereas the normalized 2019 FCF level covered for the committed dividend pay-out to Proximus shareholders.

Adjusted net debt evolution (M€)



¹ Net debt excluding lease liabilities

- Main customer bases growing despite intensifying competition.
- Value-accretive customer mix: growing 4 & 3-Play driving positive ARPH.
- Revenue from Fixed virtually steady: growth in Internet and TV nearly offset the erosion in legacy Fixed Voice.
- Mobile revenue impacted by International calling regulation, eroding inbound and Prepaid.
- Direct Margin nearly stable, with revenue pressure partially on low-margin income.

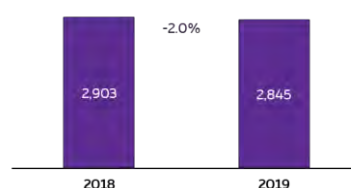
3. Consumer

Revenue

The Consumer revenue over 2019 totaled EUR 2,845 million, -2.0% compared to 2018. This was in part driven by the declining business of reselling standalone mobile terminals at low margin. Revenue from Devices aside, the Consumer revenue showed a 1.3% decrease. The positive impact from the growing customer base for TV, Internet and Mobile Postpaid under the Proximus and Scarlet brands and the price changes since 1 January 2019, could not fully compensate for the revenue pressure caused by the ongoing erosion in Fixed Voice and Prepaid

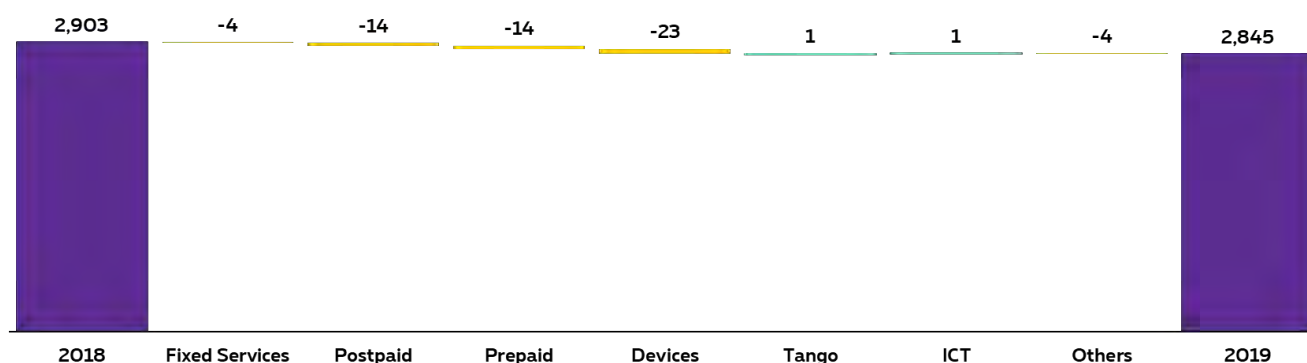
and the regulatory headwind on International calling/SMS revenue.

Revenue (underlying, M€)



Proximus' dual-brand strategy and its segmentation approach for the residential market continued to drive customer growth and proved to be very supportive in the more competitive context. The Proximus brand grew its 3 and 4-Play customer bases, with especially convergent offers such as Tuttimus/Bizz All-In, Minimus and the millennial offer EPIC showing good customer traction. In the price seekers segment, the Scarlet brand continued to grow, benefitting from its no-frills offers.

Revenue evolution per product group (underlying, M€)



Fixed Services

In spite of the intensifying competition on the Fixed market, the Proximus Consumer segment managed to contain the impact on its Fixed Services revenue, with the decrease compared to the previous year limited to EUR 4 million or 0.3%.

This included revenue loss following a decreased Fixed Voice customer base, with especially the single-play Fixed Voice base eroding. This was for a large part compensated for by the Internet and TV growth by both the Proximus and Scarlet brands. Over the past 12 months, Proximus' Consumer Internet subscriptions grew by 28,000 to a total base of 1,922,000 and TV grew by

21,000 TV subscriptions to a total of 1,632,000 by end-2019.

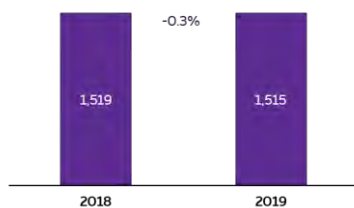
1,922,000

Fixed Internet customers

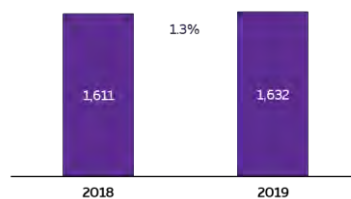
1,632,000

TV subscribers

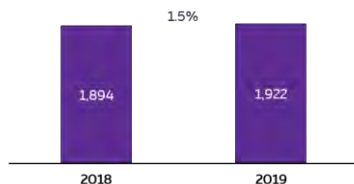
Fixed Services revenue (M€)



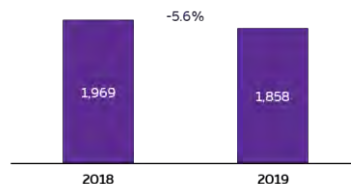
TV subscribers ('000)



Fixed Internet customers ('000)

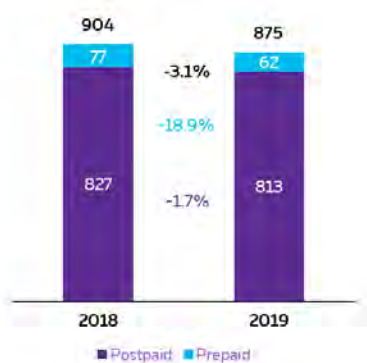


Fixed Voice customers ('000)

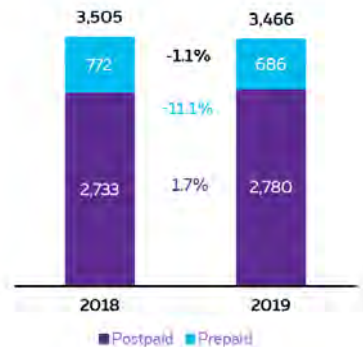


Mobile services

Mobile services revenue (M€)



Mobile cards ('000)



Mobile postpaid

The Consumer segment closed the year 2019 with Postpaid services revenue of EUR 813 million, 1.7% or EUR 14 million down from the prior year, of which about EUR 11 million revenue loss related to the regulated price decrease for International calling/SMS. Moreover, the Mobile Services revenue was impacted by an increasing loss of (low margin) inbound revenue following changing customer behavior with increasing OTT usage.

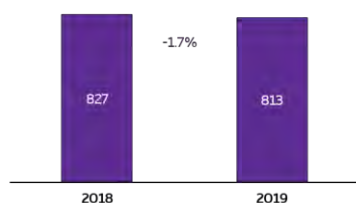
Proximus managed to partly compensate for the unfavorable effects by a growing customer base. Operating in a dynamic market, the Consumer segment succeeded in growing its postpaid base by a net 47,000 cards, bringing its total base to 2,780,000 Postpaid cards by end-2019, up by 1.7% compared to one year ago.

Despite bold competitive moves, the Mobile postpaid churn remained contained at 15.6%, 0.2 p.p. better versus one year ago.

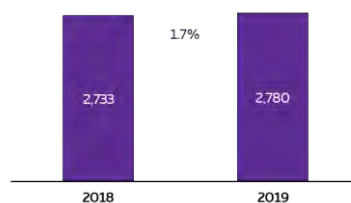
2,780,000
Mobile postpaid cards
+1.7% YoY

The Postpaid ARPU for 2019 was EUR 24.6, a year-on-year decrease of 4.0%, reflecting a mixed effect from the International calling/SMS regulation since mid-May 2019 and less inbound revenue.

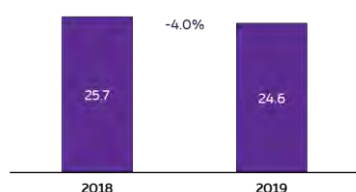
Postpaid revenue (M€)



Postpaid cards ('000)



Postpaid ARPU (€)



Mobile prepaid

The revenue from mobile Prepaid continued to decline in 2019, down by 18.9% from the prior year. This resulted from a further loss of Prepaid cards, with the 2019 Prepaid base reduced by 86,000 cards, compared to a loss of 130,000 Prepaid cards in 2018.

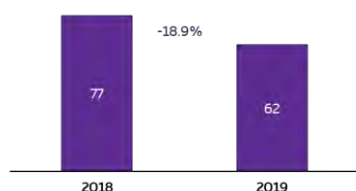
By end-2019 Proximus' Prepaid base totaled 686,000 Prepaid cards. The continued erosion in an already declining market was partly driven by the strategy to migrate customers to similar Postpaid pricing plans, at higher value.

For 2019, the Prepaid ARPU was EUR 7.2, a 6.0% decline from 2018.

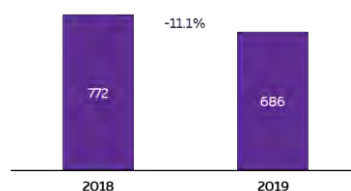
-86,000

Mobile prepaid cards, improving from -130,000 in 2018

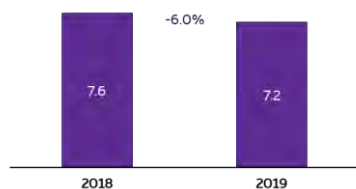
Prepaid revenue (M€)



Prepaid cards ('000)



Prepaid ARPU (€)

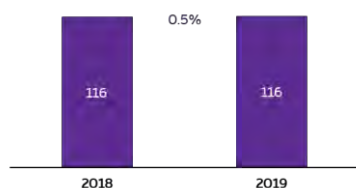


Consumer Tango

Tango, Proximus' Luxembourgish telecom operator, posted a stable revenue of EUR 116 million for 2019 for its Consumer segment, in a fierce competitive market.

by FTTH. It also grew its Mobile postpaid base, while Prepaid further eroded.

Consumer Tango revenue (M€)



Stable

Tango Consumer revenue

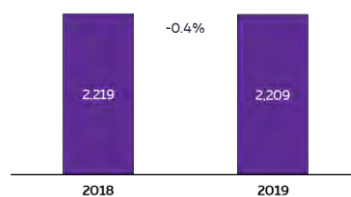
Executing its convergence strategy, Tango grew its Consumer base for TV and internet, supported

Consumer direct margin

The Consumer segment's direct margin over 2019 totaled EUR 2,209 million, i.e. 0.4% or EUR 10 million below that of 2018. This includes a negative regulatory impact and an unfavorable year-on-year effect from a substantial one-off tailwind posted in 2018. This aside, the direct margin benefitted from cost improvements following digital adoption, notably on commissions, from the larger subscriber base for TV and Internet, and price changes, offsetting the pressure in Fixed Voice and Prepaid.

€2,209M
Consumer direct margin

Direct margin (M€)



With part of the revenue pressure having no meaningful margin impact, the direct margin as percentage of revenue increased by 1.2 p.p. to 77.7%.

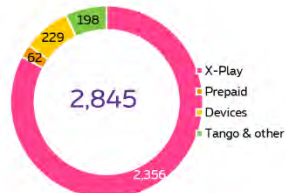
Tuttimus, Minimus and EPIC Combo offers driving higher convergence revenue

The progress on Proximus' convergence and value strategy was measured through its "multi-play" reporting. In contrast to the traditional reporting per product group, the X-play reporting focuses on operational and financial metrics in terms of Households and Small Offices (HH/SO) serviced by Proximus and the number of "Plays" (i.e. Mobile Postpaid - Fixed Voice - Fixed Internet - TV) and Revenue Generating Units (RGU) offered. The X-play reporting also includes HH/SO services from Scarlet.

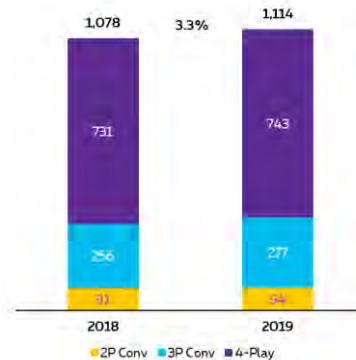
For 2019, the Consumer segment posted EUR 2,845 million in revenue, of which EUR 2,356 million was generated by Proximus' Households/Small Offices (HH/SO) base. This is 0.3% up from the prior year. Especially revenue from convergent HH/SO, i.e. combining Fixed and Mobile services, progressed well. Driven by a 3.3% growth in the number of convergent HH/SO, the convergent revenue increased by 3.0% compared to 2018.

83%

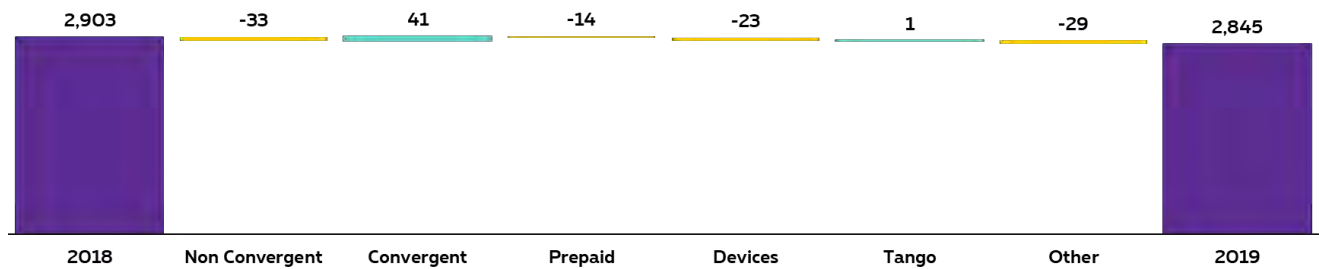
Consumer revenue generated by X-Play HH-SO.



Convergent Households/Small offices ('000)



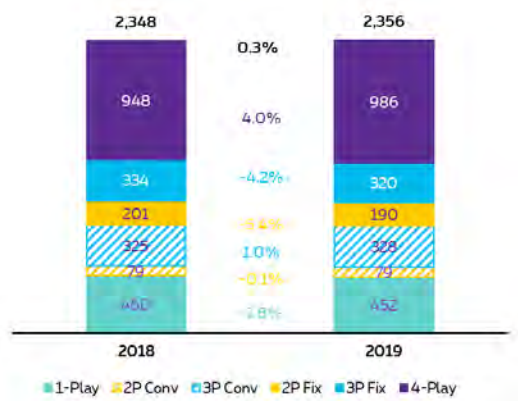
Revenue evolution per X-Play product group (underlying, M€ under IFRS15)



The 2019 revenue benefitted from both the growing 4-Play HH/SO base and the convergent 3-Play HH/SO base. This resulted from the uptake of the convergent offers Tuttimus, Minimus and EPIC Combo. By end-2019, Proximus counted 1,114,000 convergent HH/SO, a 3.3% increase from end-2018, thereby pushing its convergence rate to 60.3% on the total of multi-play HH/SO, +2.0 p.p. on the prior year.

Revenue from 1-Play HH/SO was down by 1.8% compared to 2018 as a consequence of the ongoing erosion in the single-Play Fixed Voice customer base. This was, however, partly offset by higher revenue generated by Internet-only HH/SO, with especially the attractively priced Internet offer of Scarlet having traction.

HH/SO revenue per X-Play (M€)



+3.0%
Convergent revenue



With more customers moving to 4-Play and the convergent 3-Play offer, the average RGUs per HH/SO progressed to 2.79 RGUs. This benefitted the Average Revenue per Household, with the overall ARPH for 2019 at EUR 66.6, up from EUR 65.9 one year back. The ARPH for 4-Play and 3-Play convergent HH/SO was EUR 111.1 and EUR 103.7 respectively.

The slight decline from the prior year was mainly the result of the regulated decrease in International calling/SMS rates and eroding revenue from inbound.

In a more competitive landscape, the overall 2019 annualized full churn rate was 14.4%, up 0.8 p.p. from one year ago. Although somewhat up, the 4-Play churn remained low at 4.2%.

Average
RGU

2.79

Average revenue
per HH/SO

€66.6

3-Play convergent
ARPH

€ 103.7

4-Play convergent
ARPH

€111.1

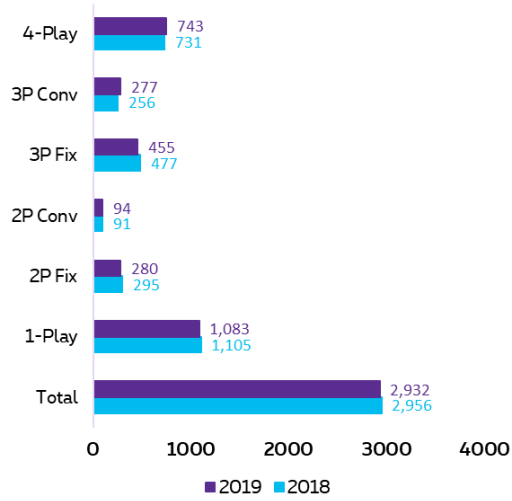
Convergence rate

60.3%

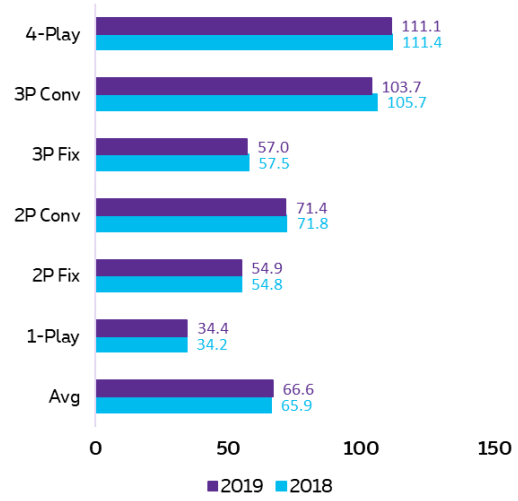
4-Play full churn

4.2%

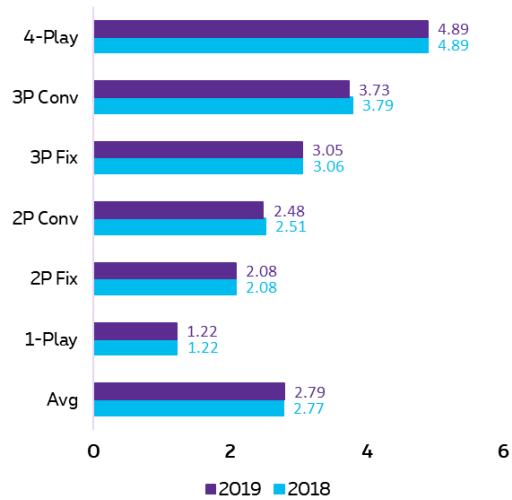
Consumer Households & Small Offices per X-play ('000)



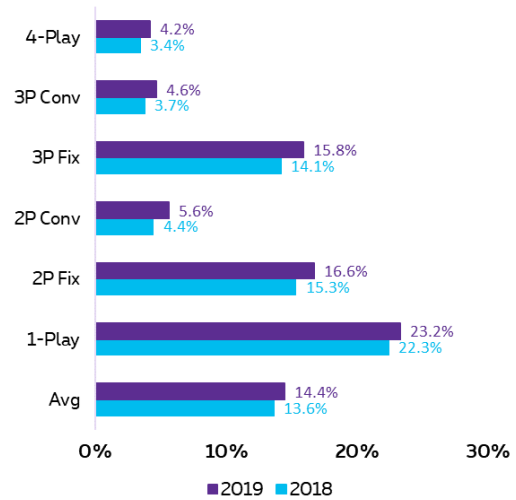
Average Revenue per HH/SO (€)



Average revenue generating units per HH/SO



Annualized full churn rate (%)



- Enterprise segment grew its 2019 revenue by 0.4% in an increasingly competitive setting.
- Revenue progression driven by ICT and Advanced Business Services, offsetting pressure on legacy services.
- Flattish Mobile services revenue, with growing base and churn under control, while ARPU under pressure.
- Direct margin up 0.6% from 2018, a fairly stable 68.5% of revenue, with revenue mix changing from legacy infrastructure products towards high-value professional services.

4. Enterprise

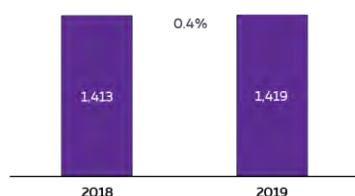
Revenue

For 2019, Proximus' Enterprise segment posted EUR 1,419 million in revenue, nearly stable (+0.4%) relative to 2018, within a more competitive business market, and with a continued revenue erosion in legacy Fixed Voice and Data. Whereas the revenue from Fixed Telecom services was down year on year, the revenue from Mobile services remained fairly flattish, with a growing customer base nearly compensating for the competitive pricing pressure.

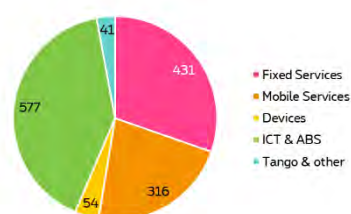
Proximus' Enterprise segment achieved further revenue growth in ICT, in spite of a decline in legacy infrastructure products. Acquired specialized ICT companies contributed to this, also

providing some inorganic growth over the first six months. Advanced Business Services delivered a positive revenue contribution as well, with revenue from convergent solutions progressing and Be-Mobile posting higher revenue, supported by the acquisition of Mediamobile in November 2018.

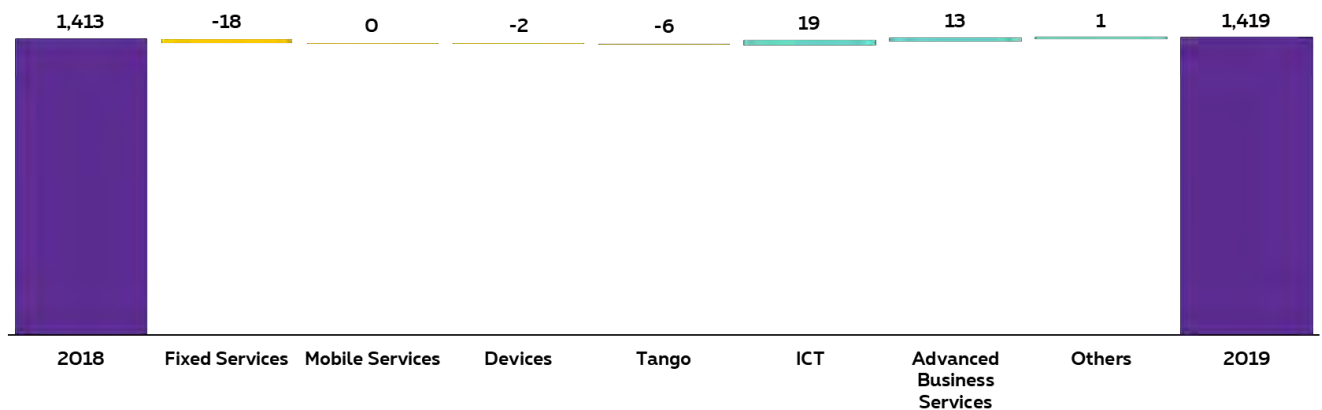
Revenue (M€)



Revenue per product (M€)



Revenue evolution per product group (underlying, M€)

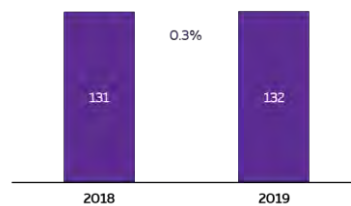


Fixed data

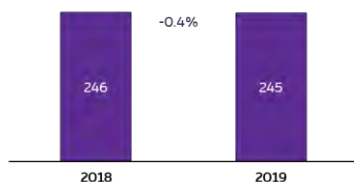
The 2019 revenue from Fixed Data services totaled EUR 245 million, 0.4% down from the prior year. Revenue from the Data Connectivity Services, the largest portion of this product category, was somewhat below that of the prior year, due to a slightly negative balance between eroding legacy and growing new data connectivity services. In 2019, the Enterprise segment benefitted from its growing P2P fiber park, yet this could not entirely offset the ongoing outphasing and migration of legacy products in the context of simplification programs, which offer customers new solutions at attractive pricing.

subscriber base of 132,000 with an ARPU of EUR 44.1

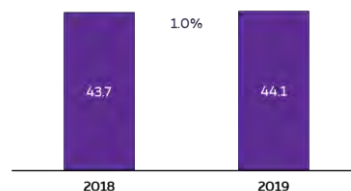
Fixed Internet subscriber base ('000)



Fixed Data revenue (M€)



Fixed Internet ARPU (€)

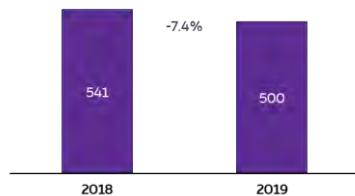


In an increasingly competitive setting for Business Internet, Proximus' Enterprise segment managed to keep the Internet subscriptions stable versus 2018, ending the year 2019 with a total Internet

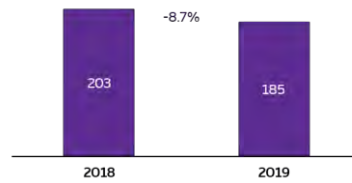
Fixed Voice

The Enterprise segment posted EUR 185 million in Fixed Voice revenue for 2019, a year-on-year decline of 8.7%. The Enterprise segment faces an ongoing rationalization by customers on Fixed-line connections, lower usage, technology migrations to VoIP and competitive pressure. The line loss remained fairly steady in relation to the previous years, with a year-on-year loss of 7.4% or 40,000 Fixed Voice lines for 2019. This brought the Enterprise total Fixed Voice Line base to 500,000 at end-2019.

Fixed Voice park ('000)



Fixed Voice revenue (M€)



The Fixed Voice ARPU of EUR 29.7 was down by 1.8% compared to the prior year, with the decrease in traffic per line and a higher penetration of unlimited call options only partly compensated for by the limited price indexations on 1 January 2019.

Fixed Voice ARPU (€)

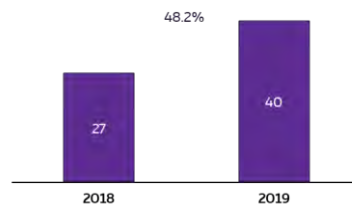


Advanced Business Services

Revenue from Advanced Business Services increased by 48.2%, driven by Smart Mobility, with Proximus' subsidiary Be-Mobile² occupying a unique position in the field. In November 2018, Be-Mobile acquired Mediamobile, strengthening Be-Mobile's position in the automotive industry and increasing the geographical coverage of its traffic management services. Furthermore, Proximus' convergent business solutions gained

traction, growing the number of Call Connect customers (PABX in the cloud).

Advanced Business Services revenue (M€)



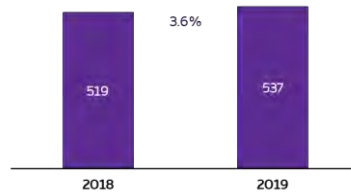
² Be-Mobile is a Proximus subsidiary specialized in smart mobility.

ICT

Operating in a competitive environment, the Enterprise segment has deployed a successful strategy of expanding its portfolio well beyond pure connectivity services and therefore offers meaningful solutions for the digital transformation of its professional customers. This led to a further revenue increase of 3.6% for ICT in 2019, with a favorable evolution in high-value professional services offsetting lower revenues from legacy infrastructure products.

The revenue from ICT includes the contribution from acquired³ specialized companies, accelerating this shift from product transactions to service revenue. These acquisitions annualized mid-2019.

ICT Revenue (M€)



Mobile services

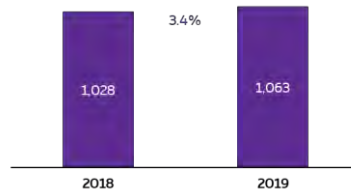
The Enterprise mobile service revenue for 2019 remained stable relative to the prior year, totaling EUR 316 million.

This resulted from higher subscriptions revenue, which compensated for the ongoing competitive price pressure and the lower out-of-bundle revenue resulting from the continuous move to mobile price bundles.

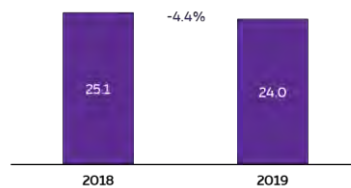
In view of the competitive environment, Mobile postpaid churn was somewhat up, reaching 11.1%, compared to 9.6% for the prior year. Nonetheless, Proximus' Enterprise segment further increased its base by 35,000 Mobile postpaid cards in 2019, with its Mobile postpaid base reaching 1,063,000, 3.4% higher than the prior year.

The benefit of the customer growth was however offset by a lower Mobile postpaid ARPU, down by 4.4% to EUR 24.0.

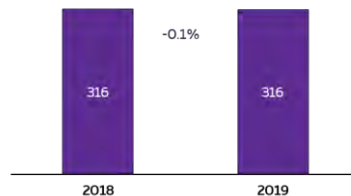
Mobile postpaid cards ('000)



Mobile postpaid ARPU (€)



Mobile services revenue (M€)



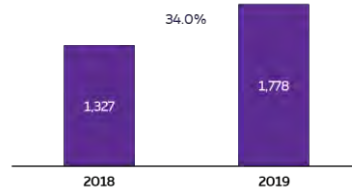
**Mobile postpaid cards added
(excluding M2M)**

+35,000

³ Codit, Umbrio and ION IP

Proximus' Enterprise segment posted another strong increase in M2M cards, with an additional 451,000 M2M cards activated in 2019. This was mainly related to the Smart metering project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total Proximus M2M base to 1,778,000 by end-2019, a 34.0% increase from one year ago.

Machine-to-Machine cards ('000)

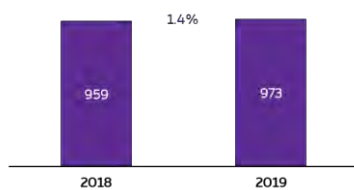


Enterprise direct margin

The 2019 direct margin grew by EUR 13 million or 1.4% to EUR 973 million. This resulted from the direct margin contribution from Advanced Business Services, Mobile services and ICT, including the support from acquired ICT companies. The growth in these areas more than

offset the ongoing margin erosion for Fixed Voice. The 2019 direct margin as a percentage of revenue was 68.5%, up by 0.6 p.p. from a year ago, reflecting the ongoing change in revenue mix; shifting from higher direct margin legacy revenue to higher workforce-driven ICT revenue.

Direct margin (underlying, M€)



€973M
Enterprise direct margin

Wholesale

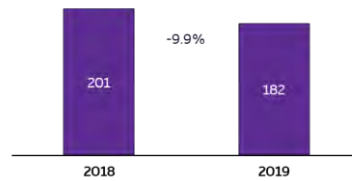
For its Wholesale operations, Proximus posted EUR 182 million revenue in 2019, a 9.9% decline compared to 2018. This reflects the impact of regulation, with reduced Fixed Termination Rates since 1 January 2019 decreasing the revenue by EUR 19 million.

Furthermore, within the mix, Wholesale roaming revenue was up on the back of higher traffic volumes, offsetting the impact from lowered roaming wholesale rates, negotiated in the Group's interest. The increase in wholesale roaming traffic revenue was, however, offset by lower revenue from traditional wholesale services. This was partly the consequence of the termination of various contracts with two of Proximus' Wholesale customers due to continued failure to comply with their contractual payment obligations.

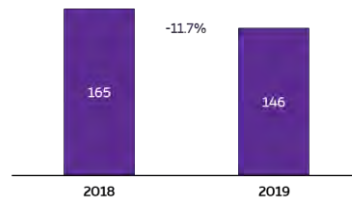
The direct margin for 2019 totaled EUR 146 million, a 11.7% decline compared with the prior year. This mainly reflects a direct margin impact from the regulated lower Fixed Termination Rates, partially offset at Group level by a positive

impact on the Consumer and Enterprise segments. Furthermore, the margin was impacted by the erosion of traditional wholesale services, including the termination of the aforementioned contracts and only partially offset by a higher roaming margin following higher volumes.

Revenue (M€)



Direct margin (M€)



5. BICS

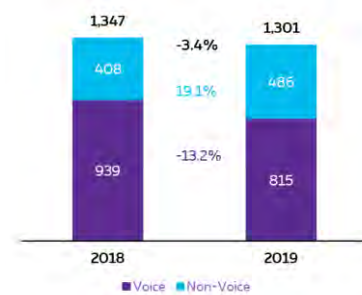
Revenue

BICS operates in the international communications market, which is highly competitive. BICS's revenue mix continued to move from Voice to Data. For 2019, BICS posted a 3.4% decline in its revenue, totaling EUR 1,301 million. Revenue from non-Voice products was up by 19.1% reaching EUR 486 million, driven by increasing messaging revenue. The overall volume of messages went up by a steep 27.7% in 2019 following strong TeleSign A2P volumes. Revenue from Voice services continued its declining trend, with revenue for 2019 down by 13.2% year-on-year. The sequential Voice revenue deterioration results mainly from lower unit revenue because of lower termination rates, competition and a less favorable destination mix.

**Robust increase in SMS A2P
Impact from insourcing by MTN
slower than foreseen**

For 2019, the anticipated progressive insourcing by MTN of the transport and management of its traffic within the Middle East and African regions has started but due to a timing shift, to a lesser extent than foreseen. Overall, Voice volumes carried by BICS were stable year-on-year at +0.8%, totaling 25 billion minutes for 2019.

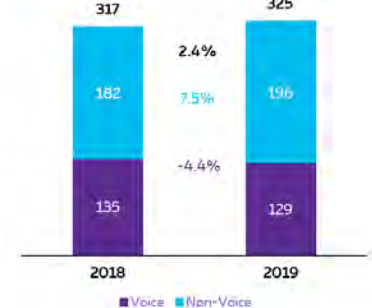
BICS revenue (M€)



Direct margin

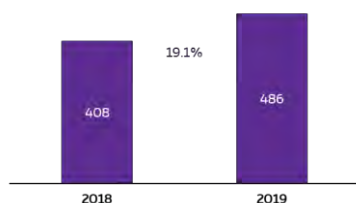
For 2019, BICS posted a direct margin of EUR 325 million, up 2.4% compared to the prior year. The direct margin growth was fully driven by the non-Voice Direct margin, which was up by 7.5% from the prior year thanks to a strong A2P and roaming volume growth. The margin from Voice was down by 4.4% as a result of the revenue decline. Moreover, due to a timing shift, the progressive insourcing by MTN impacted 2019 only in a very limited way. The direct margin as a percentage of revenue improved by 1.4 p.p. from the prior year to reach 25% in 2019.

BICS direct margin (M€)

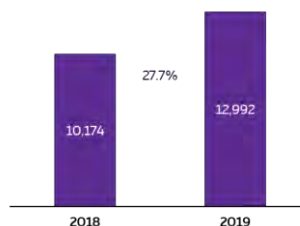


Non-Voice

Non-Voice revenue (M€)

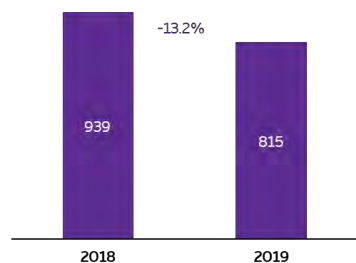


Non-Voice volumes (M messages)

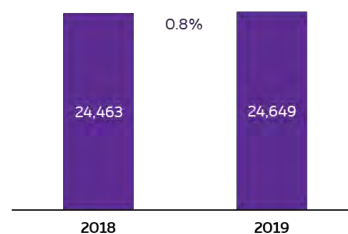


Voice

Voice revenue (M€)



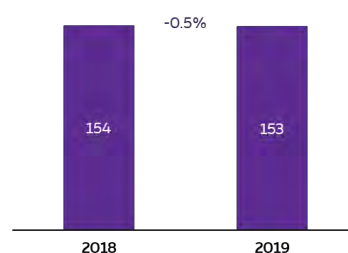
Voice volumes (M minutes)



Segment result

The segment result of BICS amounted to EUR 153 million, nearly stable compared to the previous year. The increase in Direct Margin was partly offset by higher Workforce expenses following the additional hiring by TeleSign to support its growth, and wage inflation. The segment margin as a percentage of revenue further progressed to 11.7%, +0.3 p.p.

BICS segment result (M€)



6. Definitions

- **Adjusted Net Financial Position:** refers to the total interest-bearing debt (short term + long term) minus cash and cash equivalents, excluding lease liabilities.
- **Advanced Business Services (ABS):** new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.
- **Annualized full churn rate of X-play:** a cancellation of a household is only taken into account when the household cancels all its plays.
- **Annualized Mobile churn rate:** the total annualized number of SIM cards disconnected from the Proximus Mobile network (including the total number of port-outs due to Mobile number portability) during the given period, divided by the average number of customers for that same period.
- **ARPH:** Average Underlying Revenue per Household (including Small Offices).
- **ARPU:** Average Revenue per Unit.
- **Average Mobile data usage:** calculated by dividing the total data usage of the last month of the quarter by the number of data users in the last month of the quarter.
- **Blended Mobile ARPU:** total Mobile Voice and Mobile data revenues (inbound and outbound), of both Prepaid and Postpaid customers, divided by the average number of active Prepaid and Postpaid customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.
- **Broadband access channels:** ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.
- **Broadband ARPU:** total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.
- **BICS:** international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%.
- **Capex:** this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).
- **Consumer:** segment addressing the residential and small businesses (< 10 employees) market, including the Customer Operations Unit.
- **Convergence rate:** Convergent households/small offices take both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent households/small offices on the total of multi-play households/small offices.
- **Cost of Sales:** the costs of materials and charges related to revenues.
- **Direct margin:** the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.
- **Domestic:** defined as the Proximus Group excluding BICS.
- **EBITDA:** Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses.
- **EBIT:** Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.
- **Enterprise:** segment addressing the professional market including small businesses with more than 10 employees.
- **Fixed Services Revenue:** total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).
- **Fixed Voice access channels:** PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

- **Free Cash Flow:** this is cash flow before financing activities, but after lease payments as from 2019.
- **ICT:** Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".
- **Incidental:** adjustments for material (**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries and other items that are outside the scope of usual business operations. These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments etc.), deferred M&A purchase price, pre-identified one-shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.
- (**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.
- **Mobile customers:** refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.
- **Mobile ARPU:** monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.
- **Multi-play household (including Small Offices):** two or more Plays, not necessarily in a Pack.
- **Net Financial Position:** total interest-bearing debt (short and long term) minus cash and cash equivalents.
- **Non-workforce expenses:** all operating expenses excluding workforce expenses and excluding depreciation and amortization and non-recurring expenses.
- **Other Operating Income:** this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.
- **Play:** a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.
- **Revenue-Generating Unit (RGU):** for example, a household with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play household with 3 RGUs.
- **Reported Revenues:** this corresponds to the TOTAL INCOME.
- **Terminals:** this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.
- **Underlying:** refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

- **Wholesale:** Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.
- **Workforce expenses:** expenses related to own employees (personnel expenses and pensions) as well as to external employees.
- **X-Play:** the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

Risk Management

Taking risks is inherent to doing business, and successfully managing risks delivers a return to Proximus stakeholders. Proximus believes risk management is fundamental to corporate governance and the development of sustainable business.

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value 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. A structured risk management process allows management to take risks in a controlled manner. 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 and financial 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.

Proximus' ERM framework has been reviewed and updated in 2019 to align with the market best practices. 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 2019 exercise, the following risk categories were prioritized (in the following order):

- Business model and servicing evolution
- Competitive market dynamics
- Customer experience
- Employee skills and motivation
- Human Resource cost & flexibility

Business model and servicing evolution

Proximus' business model and financial performance have been and will continue to be impacted by (disruptive) technologies, such as SD-WAN, 5G and OTT (over-the-top) services. Proximus' response to 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 its performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to serving 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. In the business market, Proximus is further developing and reinforcing its capabilities to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud, and managed security solutions.

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 API platforms), maturing markets (e.g. 4G 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, competitors entering new segments of the market that might impact market value going-forward). In December, the validation of the sale of 51% of Voo (the cable company operating in most of Wallonia and part of Brussels), to Private Equity firm Providence Equity Partners was announced. This transaction is expected to be finalized in the course of 2020. It will likely change the outlook and strategy of Voo going forward. Furthermore, in the coming months or 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 set in the upcoming spectrum auction. Sector federation Agoria estimates 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 €200 M - €350 M. The timing of that remains uncertain, as the upcoming spectrum auction has been repeatedly delayed.

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 over-the-top services continue to gain ground. As a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+), Proximus has been consistently improving its multiplay value propositions by putting more customers on the latest technologies, maintaining its lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & Kids with the Studio 100 agreement, etc.), developing an omnichannel strategy and improving digital customer interfaces (launch of the new Pickx platform), etc. Proximus has established an advantageous and solid competitive position, providing the company with other levers besides price, reducing the risk to churn and price disruption exposure. Following the launch of the Epic mobile offer in 2018, Proximus successfully launched in 2019 a new convergent offer, Epic Combo, targeted at the millennial segment and specifically designed offer to meet the telecommunication needs of these customers. Proximus is also responding through a convergent and bundled approach and by offering new services and opting for an aggregator model, putting the best content at the disposal of its customers (e.g. Netflix).

The price-sensitive segment, which has continued to rise in 2019 as more consumers seek no-frills offers at a lower price, is successfully addressed through its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which might further impact revenue and margins. Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Proximus has developed specific solutions to accompany our customers in the transition to both local and cloud-based communication services, leveraging our various assets to offer simple, reliable and technologically advanced solutions to meet our customers' communication needs. Furthermore, Proximus is working with its customers to answer their industry-specific requirements and business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data, which will help preserve value.

Customer experience

For Proximus, delivering a superior customer experience is a core strategic mission. The priority given to customer centricity means more than focusing on the customer. This is about creating an effortless, intuitive and personalized experience for each customer.

Why would a prospect choose Proximus rather than another telco provider? Why would an existing customer recommend us to family and friends? Why would a customer be delighted with the way his products and services are being moved? This is all about the experience we provide him with.

This experience includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network, easy-to-use products and services and a good recommendation index. To achieve this goal, key transformational initiatives such as 'End-to-End Journey Evolution', 'Voice of the Customer', and 'Customer Service Lighthouse addressing root cause of pain points' were set up to take charge of transformation projects participating in Proximus' brand promise: 'Think Possible'.

Providing a superior experience to customers is a crucial challenge but also an ongoing risk domain, considering:

- The fast evolution of market and customers' expectations
- The increased influence of GAAFA and OTT players
- The ever-present risk of a bold move from the competition

As we are aware of those risks, here are some achievements of the past year tackling them:

- The 'Close-the-loop' was set up to allow customers who express, via our surveys, that they still have an open question or issue, to be re-contacted in priority in order to find a solution.
- Dedicated multidisciplinary teams were set up to act on identified root causes of customers' and operational pain points and drive continuous improvement to realize customer experience improvements and capture financial value. Five priority topics are being looked at end-to-end (i.e. billing, payment & collection, ordering, non-commercial communication and usage experience) and will result in addressing pain points and useful customers' contacts reducing thereby the customer effort. The dedicated teams are supported in their mission by a customer experience analytics team whose mission is to quantify and qualify the root causes and to measure the impact of the adopted improvements.
- The Digiline project allowing a digital journey follow-up and visualization of main interaction for new customers.

- Proximus is no longer a service provider. We create a real bond with our customers and do everything possible to ensure that their experience with us is 'effortless and delightful'.

Employee skills and motivation

In the digital era, knowledge workers are a competitive asset if they have the right skills and mindset. Proximus could face a shortage of skilled resources in specific domains such as security, digital front-ends, data science, and agile IT. This shortage could hamper the realization of our ambition to become a truly customer-centric organization, and delay some of our objectives in innovation. In addition, we need to upgrade skills in customer-facing and other functions to become digitally oriented.

This is why the company is paying so much attention to training programs, internal mobility, hiring of young graduates from relevant fields, and employer branding. In this context, it is also essential for Proximus to adapt its way of working to the needs and requirements of the new generation – the 'millennials' – and to manage all talents within an inclusive, multi-generational environment.

Considering the imperative to align skills with customer and business needs, Proximus has taken the necessary steps to identify the skills that will be critical for facing tomorrow's challenges and increased drastically its upskilling and reskilling efforts to accelerate the skills' shift. Proximus focuses also more on discovering, developing and sharing talents in order to have the right talent in the right place. Proximus continues to invest in leadership, a collaborative work environment, digitalization, and development in order to stimulate a company culture that nurtures a growth mindset, new ways of working, and our five company values: the digital mindset, customer centricity, accountability, collaboration and agility.

Human resource cost flexibility

Even though Proximus has been on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution mean that it needs to further reduce costs in order to remain competitive and preserve EBITDA. A significant portion of Proximus' expenses is still driven by the cost of the workforce (whether internal or outsourced, expensed or capitalized). Expressed as a ratio of turnover, Proximus' total cost of workforce still lies well above the average of international peers and main competitors, even if steady progress has been made in recent years. Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in five employees is a statutory employee. The application of HR rules as defined during successive Collective Agreements is quite strict and doesn't allow for as much flexibility as competition. This restricts Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2019, another wave of employees left the company under the voluntary early leave plan that was agreed by the unions in 2016. But in the future, major efforts will be needed to increase organizational flexibility and agility. That's why we intend to accelerate our transformation in the next three years, to become an increasingly digital company with an agile and efficient organization. First, Proximus will continue to adapt and simplify its organizational structure in order to evolve towards a high-performance organization by transforming the way we work.

In addition, different initiatives (drastic simplification and/or automation of Proximus' products, services, processes and systems) have been taken to optimize and safeguard the balance between workforce and

workload (both in numbers and competencies). The objective is to adapt workforce cost and HR rules to Proximus' future needs, so that we remain competitive and can evolve with customers' needs.

In this respect, in January 2019, Proximus announced the need to reduce the number of employees in line with the workload reduction mainly linked to digitalization. The transformation plan was approved in the Joint Committee of December 9, 2019 while the implementation had started by informing the employees individually.

The content of the transformation plan, is made of:

- A better adequation between the workforce and the workload, linked to business initiatives mainly linked to digitalization. The agreed upon workforce reduction will be managed through a specific process, starting with a voluntary leave plan with a majority of employees leaving by the 1st of March 2020. All other departures will happen before year-end 2020.
- A simplification of HR rules related to functional mobility, HR flexibility, and the balance between insourcing and outsourcing.
- New working conditions for employees hired as of 1st January 2020.
- A significant increase of reskilling and upskilling efforts, to meet the needs in terms of skills transformation.

The three parts of the plan will improve our productivity, flexibility and agility on the market.

BICS

The disruption of the traditional operator-to-operator wholesale telecoms market has accelerated in 2019, driven by the increasing digitalization of the communications (smartphone penetration, social/communication apps development) and the emergence of new (cloud-based) players. Legacy communications volumes (Voice, Person-to-Person Messaging) have registered a decline between 5 and 10%, while pricings are flattening. The growing segments of the markets (LTE signalling, IPX Roaming data, Roaming value added services) have registered continuous volume growth, but are under fierce competitive pressure, with significant impacts on pricing.

In this turbulent market, BICS managed in 2019 to reinforce its position as one of the top international voice carriers and as number 1 provider of Signalling and Roaming Data services. 2019 also saw the progressive implementation of the new contract between BICS and the MTN Group, whereby MTN will leverage its assets in Africa and Middle East while BICS remains MTN's preferred provider for the rest of the world. To compensate for the legacy business erosion, BICS made good progress in selling new products in the Cloud communication and IoT markets.

TeleSign, the leading US-based authentication and security services provider acquired by BICS in 2017, has managed to double the revenue and triple the EBITDA since its acquisition, despite strong competition by companies operating with a different logic (high revenue growth, negative cash flows). In 2019, TeleSign created a strong momentum in the Mobile Identity market, on which the company will further capitalize in the years to come.

Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that effect 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 in order 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
- Legacy network infrastructure
- Security (confidentiality, integrity, availability)
- Sourcing and supply chain reliability
- Data protection and privacy

Resilience and business continuity

Interruptions to our ICT and telecom infrastructure which supports our business activities (including services provided by third-party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

Building and ensuring the resilience of our network, platforms and IT systems remains a top priority. For each critical business function, business continuity plans have been developed in order to:

- Identify and prevent risks where possible
- Prepare for risks that we can't control
- Respond and recover if an incident or crisis occurs

Every year, the business units define or review the Recovery time objective (RTO) for each critical product, service and business process. The operational teams perform a gap assessment, the divisional Business Continuity coordinators follow up the resulting action plans and report progress to the Business Continuity Manager.

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.

In case of a major adverse event, Proximus has put in place a crisis management process called PERT (Proximus Emergency Response Team).

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 are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans. In addition, Proximus invests in threat intelligence and security incident response.

Legacy network infrastructure

The systems need to talk to each other over a connected information highway that can deliver information at high speed and without distortion. There is no doubt that in the coming years there will be a continued demand for ever-greater quantities of data at ever-greater speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

The problems with services over copper are speed, reliability and value for money. All too often, legacy systems are costly to operate and maintain. Copper has been around for decades and has far outlived any guarantee period. Outages on the lines will become more frequent.

Considering those elements, in 2004 Proximus was the first operator in Europe to start building a national Fiber-to-the-Home network. And today, Proximus is among the world's top five operators for the proportion of fiber in its VDSL network, with over 21,000 kilometres of optical fiber connecting its street cabinets.

In the last three years, Proximus has accelerated the roll-out of fiber on its fixed network.

The initiatives from utility players, such as Fluvius, to invest in a parallel fiber network, risk to have an impact on the business case of the Proximus Fiber investments.

Sourcing & Supply chain

Proximus depends on key suppliers and vendors to provide the equipment it needs to carry out its business activities. Supply chain risk management (SCRM) is defined as 'the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity'.

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

- Top critical suppliers or their sub-suppliers under constant watch
- Stock management
- Consideration of alternative sourcing arrangements
- Business interruption / contingency plans
- Risk assessments and audits
- Awareness campaigns and training programs
- Strict follow-up of critical suppliers' contractual liability and Service Level Agreement (SLA) clauses
- Data protection & privacy

Data protection & 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 2019, Proximus continued the GDPR implementation project it started in 2017. As part of our commitment to protect personal data and privacy, we took a series of actions such as appointing a Data Protection Officer (DPO), developing a consent management structure, security screening, and corrective measures for our IT applications. Proximus is using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR e.g. register of processing activities.

Furthermore, Proximus has made effort to continuously improve its privacy by design process. As part of rendering the data subject requests process more efficient, Proximus is looking into the further use of semi-automated solutions. In the context of keeping personal data safe, Proximus has implemented additional measures to ensure that personal data in non-production environment is adequately protected.

Environmental risk & climate change

Environmental risk

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.

To date, Proximus did not identify any chronic physical risks. Risk of extreme weather conditions such as heavy rain and winds, floods, lightning strike and heat waves are seen as acute and temporary events and are treated as follows:

- Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.
- The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program will phase out most of the copper feeder cable in a timeframe of 15 years. An extensive fiber program will phase out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fiber network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.
- In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.
- Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, ... which heavily use aerial last mile networks, both in copper or in fiber. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.

- Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light colour and placed outside direct sunlight. A lot of engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studied and optimized.

Climate change

Climate change is high on the agenda due to growing awareness on global warming. In Belgium this is demonstrated by the Thursday marches for climate and political debate on salary cars.

The Group Corporate affairs, responsible for legal, regulatory, public affairs, internal audit & risk management, compliance, group communications 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 policy to reduce CO2 emissions and clear commitment to become circular.

Risk Management & Compliance Committee

In 2019, the Risk Management and Compliance Committee (RMC) held five sessions. The related decisions were reported to EXCO 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).

Internal Audit

In line with European 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 and other professional standards, 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 Proximus to accomplish these objectives through its 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.

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 do not provide a true and fair view any more. 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 Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)).

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

For each new type of transaction (e.g. new product, new employee benefit, business combination), an in-depth analysis is performed 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 analysed. 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.

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 different 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 analysed and confirmed. Special attention is paid to reasonableness tests, where financial information is analysed 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. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Internal control system

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 with other additional Belgian disclosure requirements as an essential element of management and governance.

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, sets out the above-mentioned principles, and aims to inspire each employee in his or her daily behavior and attitudes. The ethical behavior 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 the accounting manuals and other 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 formation 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

Major risks and uncertainties are reported in the caption 'Most important risks and uncertainties'.

Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption 'Most important risks and uncertainties'.

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.

Evolution in research and development activities

Enabling a better digital life

We believe in a connected digital society. We encourage digital adoption by building high-quality future-proof infrastructure and by providing and co-creating innovative solutions and services. With our cyber security solutions and through data protection, privacy and awareness initiatives, we also build trust in digital.

Future-proof digital infrastructure

Being connected is part of everyone's and every company's daily life. At home, at work and on the go. Our objective is to ensure that people and companies have access to high-quality fixed and mobile networks, so they can seize the opportunities of the digital world. With around €1 billion investment per year, Proximus is Belgium's biggest investor in a future-proof digital infrastructure.

KPI	Result 2019	Result 2018
4G indoor coverage (1)	99.6% (2)	99.6% (2)
4G outdoor coverage (3)	100% (2)	100% (2)
Fixed Internet speed 70Mbps and above	76%	73%
Average VDSL2 speed	79.2 Mbps	75.8 Mbps
Vectoring coverage	90.1%	88.6%

(1) The indoor coverage refers to the coverage of 4G inside of buildings.

(2) Results are based on BIPT/IPBT public figures in Q4 and represent the coverage percentage based on a simulation provided by the operators calibrated on basis of BIPT-drive-tests.

(3) The outdoor coverage refers to the coverage of 4G outside of buildings.

Fiber for Belgium

Data traffic and digital services are growing exponentially, mainly due to the increased volume used by videos, cloud apps and the Internet of Things. With Fiber for Belgium, a multi-billion EUR investment plan, Proximus prepares its infrastructure for the customers' future needs by rolling out fiber to most businesses and city centers in Belgium.

Fiber enables low-latency and stable high-speed connectivity, today reaching up to 1 Gbps upload and download speeds, and soon up to 10 Gbps. Our Fiber for Belgium roll-out is one of our key investments towards a digital economy and society. Our commercial offer provides a download speed of up to 220 Mbps to our customers, which can be boosted to 400 Mbps.

Fiber for cities

Fiber offers cities access to the most advanced digital services to enable their transformation into Smart Cities. Smart solutions can be developed by equipping fiber with thousands of sensors and devices thus improving mobility, public safety and air quality, and can drive growth and employment in the city. In the future, fiber will become an essential part of every city's infrastructure just like the water supply and electricity network.

In 2019 we increased our fiber roll-out rhythm, thanks to boosted industrialization efforts. The rollout of this new technology is ongoing in 13 Belgian cities: Aalst, Antwerp, Brussels, Charleroi, Ghent, Hasselt, Knokke-Heist, Kortrijk, Leuven, Liège, Namur, Roeselare and Vilvoorde. (4 new cities in 2019).

Fiber for businesses

Fiber allows companies to exploit all the possibilities of the digital economy. It offers the most future-proof, reliable and scalable technology to stay competitive, agile and innovative. Its high speed facilitates the adoption of new ways of working and technologies such as artificial intelligence, data analytics, connected objects or virtual reality.

For business customers, we proactively roll out fiber in areas with high business densities — such as industrial zones and business parks — and we offer on-demand fiber connectivity to any business customer who requests it. As a result, our coverage within the business and corporate market segments saw a strong increase. At the end of 2019, fiber was available for 64% of companies located in industrial zones (compared to 48% in 2018).

Fiber for residential customers

With fiber, all members of a household can surf, stream high-quality videos, play and work online at the same time, with very low latency or loss of quality. And they benefit from the sharpest images on all screens.

In 2020, we will continue to grow our fiber footprint to reach our 50% coverage ambition in the years to come and adopt an ambitious fiber-centric marketing strategy, unlocking the commercial value in the residential, professional and wholesale markets. We make operational savings through the decommissioning of our copper network and by managing our networks remotely. At the same time, we reduce our unit cost with significant measures to compensate topology evolution.

Mobile network: on the road to 5G

While the use of mobile data is constantly increasing, Proximus wants to continue offering its customers the best mobile network experience.

Over the past two years, on top of extending the coverage of our 4G network (population coverage: 100% outdoor and 99.6% indoor), we have also invested in the faster 4.5G, adding more capacity to the network.

At the end of 2019, Proximus and Orange Belgium signed an agreement with the intention to set up a shared mobile access network. This will allow us to aim for a faster and broader 5G roll-out and to improve the mobile network capacity and coverage to the benefit of our customers.

In 2019, the first showcases of the precommercial 5G launch took place to show our professional and residential customers that we are 5G-ready. 5G use cases were demonstrated for enterprises during our ThinkThings event and for the gaming public at the ESL Proximus Gaming Championship.

In 2019, our affiliate Proximus Luxembourg was the first Luxembourg operator to have connected 5G live on its mobile network.

Also in 2019, the SAFIR consortium (of which Proximus is a member), successfully conducted a pilot project with drones above the city and the port of Antwerp. 5G connectivity will be of great added value for drone applications.

In 2020, Proximus will focus on the implementation of the shared mobile access network and invest in the end-to-end preparation for the 5G network roll-out. We will launch commercially as soon as the spectrum is available.

Optimizing our fixed network

To simplify our network we launched the Mantra+ project to replace technical buildings by an innovative new concept of compact and less energy-consuming Optimus-containers. Our Titan project to increase the capacity of our backbone from 10 to 100 Gbps, was successfully completed in 2019.

New tools and technologies enable us to continue the optimization of our Wi-Fi performance. We activated a smart Wi-Fi solution in our gateways: it provides our customers with the best Wi-Fi connection by choosing the optimal Wi-Fi channel and the best Wi-Fi band (2,4Ghz or 5GHz) for all their devices.

We also launched the Wi-Fi Booster, which extends coverage at home. With the Proximus Home Optimizer app our customers can find the right spot to install the Booster. The smart Wi-Fi solution also runs on the Booster, making sure that customers wherever in the house know which access point best to connect to.

White zones: boosting mobile coverage

White and rural zones are less economically attractive. However, we want to make the opportunities of the digital world accessible to everyone, everywhere. We are doing this by using new technologies and co-investing with public authorities.

We invested an additional EUR 18.5 million in 2017-2019 to offer high-speed fixed broadband services and high-definition digital TV and to increase outdoor 4G mobile coverage in Wallonia.

In 2019, we have installed and upgraded 43 mobile sites to boost 4G mobile coverage in Wallonia. We have also worked with Tessares on innovative solutions to connect remote areas. We are implementing microwave ROP technology, connecting VDSL2 street cabinets through wireless microwave technology, and we have installed 97 remote optical VDSL2 platforms in white zones to increase VDSL coverage significantly. Thanks to the investments we made, 35 municipalities out of the 39, reach at least 60% high bandwidth coverage (> 30 Mbit/s), including 10 municipalities with a coverage above 80%.

In 2020, we will further increase the fixed broadband coverage and explore the possibilities of increasing the mobile coverage in white zones.

Digital trust

Today's digital world offers many opportunities, but also new threats. Trust is a prerequisite for people and companies to embrace the many opportunities of digital and to enable a digital future. As a leading digital company, Proximus is actively involved in developing a safer digital society through data protection, privacy and awareness initiatives.

KPI	Results 2019	Result 2018
International recognized certifications related to cyber security (ISO 27001 and Trusted Introducer certifications)	5*	6
Phishing exercises: employee awareness results: employees who informed CSIRT	2,480	1,113

*Our ISO certificate 'Workplace-as-a-Service' has become redundant in 2019 due to the implementation of the Microsoft certification.

Cyber security: safety first

In developing infrastructure and digital services, safety is our top priority. That is why we offer our customers solutions to protect themselves and keep our employees up to date with the latest security practices. Threats in digital surpass national borders. To this end, we work closely with national and international cyber authorities.

Within our company

In 2019, Proximus has invested EUR 10 million in its Corporate Cyber Security Program. With this investment, we want to make our company more cyber-resilient and we want to offer best-in-class secured services and networks to our customers to protect company data, networks, servers and the end user.

Our corporate Cyber Security Incident Response Team (CSIRT¹) continuously monitors security alerts and coordinates the response to cyber threats. In 2019, our CSIRT analysts handled 1,261 incidents (versus 2,087 in 2018) and 23,111 alarms (vs 15,348 in 2018). No single incident had a major business impact.

We are the proud holder of 5 ISO certifications covering our data centers (including both certifications for housing and hosting), Security Operations Center, the enterprise Explore Connectivity and Managed Services which was recertified in 2019.

Raising cyber security to a higher level remains a top priority for 2020. We continuously invest in our Cyber Security Corporate Program, further strengthening our capabilities and sustaining our ISO 27001 and Trusted Introducer certifications.

¹ The Proximus CSIRT is the central incident response team of the Proximus Group. Its mission is to provide information and assistance to reduce the risks of cyber security incidents as well as respond effectively to such incidents when they occur.

For our customers

In 2019 we launched our state-of-the-art “Managed Security & Threat Intelligence” service, currently used by some of Belgium’s largest organizations like the Federal Public Services Finance and Justice

Thanks to our acquisitions Umbrio and ION-IP we successfully continued to expand our cyber security solutions in the Netherlands, supporting Dutch cities to protect their citizens’ data.

Proximus’ Security Operations Center monitors more than 3,000 million events daily, alerting enterprise customers in case of incidents and remediating them.

In 2020 we will continue to invest in continuous improvement tracks for our Managed Security Services.

For the general public and institutions

We are a committed partner of BE-Alert, a 24/7 public warning system by the Belgian authorities. BE-Alert can broadcast news and information in the event of a crisis via SMS, fixed voice, email and social media.

We continued our engagement with NATO’s Cyber Defense teams in 2019 and also participated in working groups with international law enforcement agencies to get first-hand information on the modus operandi of cyber criminals. Additionally, we are actively exchanging information about observed threats and attacks on a national and European level via the ETIS platform.

In 2020, we will continue to expand our collaboration network through active participation in the Cyber Security Coalition, through close collaboration with the Center for Cyber security Belgium, with other European telecom operators via the ETIS platform, with global companies through the World Economic Forum’s Center for Cyber Security and with the European Cybercrime Center of Europol and through new and existing strong partnerships, such as with NATO.

Cyber security education: raising awareness

We have an important role to play in raising society’s digital awareness. Not everyone is a ‘digital native’ and those who are, do not always see the digital dangers.

Educating our employees

In 2019, we organized a Security Week for our employees with a vast awareness program. We also hosted dedicated training, awareness sessions, and multiple ‘real life’ phishing exercises to increase the detection skills of our employees. We fully supported the national awareness campaign on phishing during the European Cyber Security Month: a strong downwards trend of employees being phished shows that awareness initiatives have a positive impact.

We also want to offer employees the opportunity to develop careers in cyber security. In 2019, 10 employees followed an extensive one-year training on cyber security.

Educating business and public sector customers

Professional customers and their cyber experts are always looking for in-depth advice and the latest trends. Therefore, we organized the biannual Proximus Cyber Security Convention. Our Proximus Corporate University (PCU) also provided security education programs for enterprise and public sector customers in 2019).

Five one-day information and networking events were organized by the Cyber Security Coalition, in which we are actively involved as co-founder and member. Each event addressed a dedicated topic such as secure applications, cyber threat intelligence, trust services, assessing & insuring cyber risks and security of drones. Currently 9 focus groups, gathering top experts from Coalition member organizations, are active: Awareness, Cyber Security Act, NIS, Privacy, Cloud Security, Cryptography, CSIRT-SOC, Enterprise Security Architecture and Governance and Risk & Compliance.

Educating society

Twice a year our employees — trained by partner organization Child Focus — visit primary schools to make children aware of safe and responsible Internet usage. They reached 10,300 children in 185 schools in 2019 (vs 10,259 children in 212 schools in 2018).

To reach undergraduates, in 2019 Proximus CSIRT organized for the third consecutive year a full-day 'Capture the Flag' contest for 50 students following the new cross-university master's in cyber security (regrouping the ULB, UCLouvain, U-Namur and the Royal Military School) and 25 students from HOWEST, following the Professional Bachelor of Applied Computer Science (Computer & Cybercrime Professional).

In 2019, Proximus handled 94 requests from law enforcement authorities to block access to websites. We cooperate closely with the judicial authorities and help them in their investigation in the context of criminal offences such as the possession and distribution of images related to child pornography. In order to protect our customers from fraud, like phishing via fake Proximus websites, the Proximus CSIRT is closely monitoring any attempts to attack our customers and is usually able to take down phishing websites in a matter of hours after the attacks were launched. In 2019, we were faced with 210 phishing attacks against our customers.

We believe in lifelong learning. We collaborate with CyberWayFinder, offering women who want to change career paths the opportunity to join the cyber security world (through on-the-job experience). In 2019, we welcomed two women trainees in our cyber security teams.

In 2020, we want to extend the reach of our training programs and learning partnerships to new schools and universities. Via our Safer Internet Day, we want to reach 12,000 students in the coming year. We will also continue to optimize internal processes to allow an efficient "privacy by design" approach.

Safe and private data: trusted gatekeeper

As a telecommunications company and supplier of digital services, we process enormous amounts of personal data. It goes without saying that these data must remain confidential and secure. To this end, we apply strict rules and policies within our company that respect GDPR legislation.

Proximus further extended the privacy settings within the MyProximus app and website to allow our customers to efficiently choose how we process their personal data.

Throughout 2019, several internal awareness initiatives via internal blogs and videos stressed the importance of privacy, e.g. during the Security Week 2019 or via the digital learning tool "Data and analytics at Proximus".

To show our commitment to protecting personal data and privacy, we took a series of actions:

- appointing a Data Protection Officer (DPO);
- developing a consent management system;
- implementing data subject rights processes, a "privacy by design" process, security screening and corrective measures for our IT application.

A dedicated internal audit assignment concerning data usage and data acquisition within the consumer business unit has been conducted in 2019.

Digital innovation

Digital innovations will shape the future of our economy and society. Not only do we want to increase the digital possibilities of our customers; we also want to have an impact on social and ecological challenges. That is why we are opting for open innovation: we work together with academia, support start-ups and co-create solutions with innovation partners.

KPI	Results 2019	Results 2018
IoT connections	1,82 Mio	1,36 Mio
Number of projects with universities/education institutes	20	39

Supporting young companies, start-ups and scale-ups

As a catalyst for young companies, start-ups and scale-ups, we share our know-how, experience and infrastructure, and we collaborate on concrete projects. This way we stimulate innovation and boost our digital economy.

Co.Station

Since 2017, Proximus has been a partner of Co.Station. This innovation eco-system, with offices in Ghent, Brussels and Charleroi, has the ambition to lift the Belgian technology sector to a higher level by bringing established companies, startups, scale-ups and experts together so that they can stimulate one another.

Imec.istart

We collaborate with Imec.istart, the world-leading Belgian R&D and innovation hub in nanoelectronics and digital technologies. We work together on programs & technologies such as Smart Cities and artificial intelligence.

ThinkChallenges

ThinkChallenges is a portal where start-ups and academics can compete for selection to further co-create with Proximus. Business, operational and sustainability challenges for which Proximus is seeking a solution are shared with the community. In 2019, we partnered with iReachm to develop our Voice Assist-solution for enterprise customers.

FinTech

We support the ecosystem of FinTech start-ups and companies offering innovative solutions for the financial world. FinTech represents the digitalization of next-generation financial services with cheaper, faster and highly customer-centric services. As an active member of the FinTech ecosystem, Proximus enables the digitalization of financial sector clients through cutting-edge solutions like DigitalKYC, blockchain, artificial intelligence and cloud services.

As an active member of the Luxembourg House of Financial Technology, Proximus Luxembourg enables the development of services which meet specific industry needs for the benefit of the entire Proximus Group and its customers.

Microsoft Innovation Center

Proximus is structural partner of the Microsoft Innovation Center (MIC) Belgium. This public-private partnership with the Walloon Region and Microsoft inspires, educates and fosters digital entrepreneurship. In 2019, we jointly participated in “Hack in the Woods”, a coding festival bringing together developers around societal goals.

Proximus API Solutions

Proximus API Solutions addresses the new, digital economy challenges of B2B business market with innovative API based solutions to help businesses in their digital transformation. Any business can enjoy this digital environment linked to a whole ecosystem of affiliates and partners to easily build today's and tomorrow's new solutions.

Academic collaboration: shaping the digital future together

Proximus collaborates intensively with universities and university colleges. We gain access to innovative solutions and academic insights. In exchange, they can use our data, infrastructure and resources to put their ideas into practice.

To work more efficiently, we installed a central governance body in 2019, the Academics Board. This serves to align internal stakeholders and to evaluate the proposed projects and the availability of resources and budget to execute them.

We have collaboration projects at ULB/VUB, UCLouvain, KULeuven and UGent in the domains of Security, AI, mobile and fixed networking, and IoT.

With UGent, we jointly create collaboration projects in telecom and ICT and cooperate on doctoral research and theses. We are currently working together on several projects, such as studying exposure to air pollution or making a predictive analysis of criminal offences, both by using data from our mobile network.

Demand is rising for employees with strong digital skills. That is why we want to cooperate even more closely with the academic world in specific domains such as artificial intelligence or cyber security and on aligning training courses with the fast-evolving labor market.

In 2019, 149 young people did an internship at Proximus. It gives them the opportunity to acquire new digital knowledge and consider to start a career within Proximus.

Innovative solutions addressing societal challenges

We are convinced that we have an important role to play in creating a strong digital Belgium. We want to help companies in their digital transformation, to build a robust digital economy in Belgium as well as tackle societal problems together in terms of mobility, safety, energy and climate.

To deliver on this, we invest massively in our current and future networks and infrastructure with the deployment of fiber and the continuous improvement of our mobile network in anticipation of 5G. On the other

hand, we continue to invest heavily in the right skills and services that push the digital economy forward: IoT, data analytics & artificial intelligence, cyber security, cloud transformation, application integration and application development.

This is largely supported by Proximus Accelerators, our ecosystem of IT affiliates, augmented with in-house developments and industry-specific partnerships. The system provides us with a unique combination of assets to create solutions and applications that create an added value for companies, industries and the end user.

Each year, we organize the ThinkThings event for our enterprise customers and partners to give an overview of the countless possibilities of IoT and data analytics.

IoT, driving many smart solutions

Proximus is Belgium's leading IoT connectivity provider — with more than 1.8 million connections, using different wireless technologies (LTE, LoRa, NB-IoT) and offering strong platforms. It is a critical component in many of the smart solutions we develop.

Smart energy and climate

Within the framework of the IO.Energy open innovation initiative, initiated by the Belgian ecosystem of energy providers, Proximus is co-creating an advanced solution. Its purpose: to radically improve energy efficiency in and across large buildings. With our IoT platform we also enable the country-wide roll-out of smart meters in Belgium.

Smart buildings and venues

Together with leading Belgian construction company Besix we develop a variety of smart building solutions in various domains: energy efficiency, hospitality, advanced workspace management and physical security services. Proximus also delivers unique experiences to visitors and owners of large venues such as exhibition spaces, sports facilities or hospitals. We do so by providing mobile applications and digital platforms for parking guidance and optimization, visitor hospitality and on-site guidance, as well as advanced visitor analytics services. As such, in 2019 we collaborated to the digital transformation of the Tour & Taxis site in Brussels.

Smart mobility and logistics

Our affiliate Be-Mobile is one of the leading Smart Mobility companies. It helps to solve complex mobility problems through parking, tolling and multi-modal mobility solutions. A well-known example is 4411, a parking solution used by 58 cities in Belgium. In 2019, Be-Mobile launched a pilot to predict the weather on a small-scale level using floating car data — in co-operation with imec, Verhaert, Inuits, bpost and the Royal Meteorological Institute (RMI) of Belgium. It is our common ambition to improve road safety by warning drivers in time for dangerous weather conditions.

Smart cities and safety

In Flanders we are a part of the City of Things project, where we work together with the research center Imec, academics and many cities to test new network communication enablers and solutions. We co-create innovative Smart City services with citizens and an ecosystem of commercial partners.

Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee

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 have extensive expertise in accounting and audit. The Chairwoman of the Audit & Compliance Committee, Mrs. Catherine Vandenborre holds a degree in Business Economics as well as degrees in Tax and Financial Risk Management. Mr. Paul Van de Perre holds a Master degree in Economics and several postgraduate degrees. The Chairwoman and the majority of the members exercised several board or executive mandates in large Belgian or international companies.

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, its purpose and results are described below.

Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through employees' unique capabilities, experiences and all other characteristics unrelated to someone's abilities, will help to 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 Charter on diversity and equal rights, which applies to all employees of the Proximus Group.

With this policy Proximus wants to enable conditions, where these differences are recognized and respected, and where all employees are given equal opportunities. 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 mind-set of respect and openness throughout all levels of the organization and treating all employees fairly and equally
- Demonstrating behaviour 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 the 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 about the importance of diversity at all levels of the organization and concentrates on recruiting employees with an inclusion and growth mindset. Once they are part of the company, we ensure that they are the best ambassadors of our company values by including a part on our inclusion program and philosophy in our welcome days as well as in all related trainings for team leaders, experts, trainees, ...

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

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

- 38% of the Board of Directors
- 14% of the Executive Committee
- 23,8% of the members of the Leadership Team
- 33% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 48 nationalities.

Proximus supports internal and external diversity network activities and initiatives such as the AfroPean network (APN). We have a Diamond Sponsorship in the organization "Women on Board" and started a partnership with KliQ, an organisation with expertise in the fields of sexual diversity and gender diversity. We will keep on focusing on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

Creation of a culture that allows to reconcile activities during the different life phases

Proximus wants to create conditions to allow its personnel to reconcile the different aspects of their professional and private life during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home child care, ... These measures allow 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 founding partner of "Experience@Work". Thanks to this company, experienced talents from organizations can be deployed in other organizations which are looking for specific experience and/or talent.

Diversity as part of Proximus code of conduct

Proximus' mission consists in opening up a world of digital opportunities, so people live better and work smarter. This also means that we have to earn and keep the trust of our customers, our employees, our suppliers, our shareholders, our partners and the company as a whole.

Successful business must go hand in hand with honest and ethical behaviour. Each employee has a crucial role to play in this matter. This is the reason why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules which are the foundations of our engagement to be a socially responsible company. The Code of Conduct applies to everyone: Board Directors, managers and all employees. Although the Code of Conduct cannot directly be imposed to our business partners, we seek to always work with partners respecting the same ethical standards.

Proximus expects its employees to respect the Code of Conduct and use it as a reference in their day-to-day way of working.

Human rights

People are entitled to be treated with respect, care and dignity. Proximus business practices can only be sustainable if we respect basic human rights and value diversity, cultural and other differences. Our Code of Conduct, values and behavior are inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the European Convention on Human Rights and the United Nations Convention on the Rights of the Child.

Working conditions

Proximus is committed to creating working conditions which promote fair employment practices and where 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 Labour 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 labour or any form of forced or compulsory labour as defined by ILO 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.

Other information

Rights, commitments and contingencies as of 31 December 2019

Disclosures related to rights, commitments and contingencies are reported in note 34 of the consolidated financial statements.

Use of financial instruments

Disclosures related to the use of financial instruments are reported in note 32 of the consolidated financial statements.

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections "Risk Management" and "Internal Control" of this management report.

Treasury shares

Disclosures related to treasury shares are reported in note 18 of the consolidated financial statements.

Capital management

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

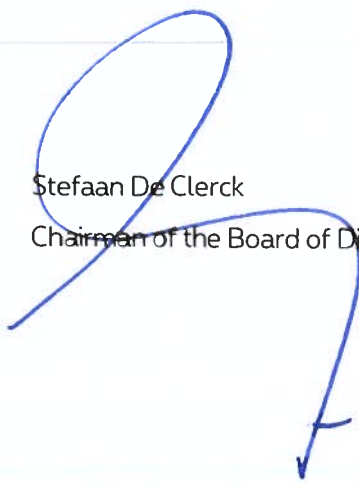
Post-balance sheet events

Disclosures related to post-balance sheet events are reported in note 39 of the consolidated financial statements.

On behalf of the Board of Directors,
Brussels, 20 February 2020



Guillaume Boutin
Chief Executive Officer



Stefaan De Clerck
Chairman of the Board of Directors

				9	EUR	
NAT.	Filed date	Nr	P.	U.	D.	CONSO 1

**CONSOLIDATED ACCOUNTS IN IFRS AND OTHER
DOCUMENTS TO BE FILED ACCORDING THE COMPANY
LAW.**

IDENTIFICATION INFORMATION

NAME OF THE CONSOLIDATING ENTERPRISE ~~OR THE CONSORTIUM~~ ⁽¹⁾⁽²⁾: PROXIMUS

Legal form: Société anonyme de droit public

Address: Boulevard du Roi Albert II – Koning Albert II laan Nr: 27 Box:

Postal Code: 1030 Municipality: Brussels

Country: Belgium

Register of Legal Persons (RLP) – Office of the commercial court at Brussels – Dutch speaking

Internet address ⁽³⁾: <http://www.proximus.com>

Company number BE 0202.239.951

CONSOLIDATED ACCOUNTS IN MILLIONS OF EUR ⁽⁴⁾

Submitted for the General Meeting of 15/04/2020

Concerning the financial year covering the
period of

01/01/2019

au

31/12/2019

Preceding period from

01/01/2018

au

31/12/2018

The amounts of the preceding period **are / are not** identical to those which have been previously published ⁽¹⁾

Are enclosed with these consolidated accounts

- the consolidated directors' report
- the audit report on the consolidated accounts

IN CASE THE CONSOLIDATED ACCOUNTS OF A FOREIGN COMPANY ARE FILED BY A BELGIAN SUBSIDIARY.

Name of the Belgian subsidiary which filed the annual accounts (Article 113, § 2,4^a of Company law) :

Company number of the Belgian subsidiary which
files the annual accounts :

Total number of pages files

Number of pages of the standard form not being filed as they don't apply :

Signature
(name and position)

Boutin Guillaume
Chief Executive Officer

Signature
(name and position)

De Clerck Stefan
Chairman of the Board of Directors

⁽¹⁾ Delete as appropriate.

⁽²⁾ A consortium shall complete Statement IV (page CONSO 9)

⁽³⁾ Optional disclosure

⁽⁴⁾ Modify the unit and currency in which the amounts are published.

**COMPLETE LIST OF DIRECTORS OR MANAGERS OF THE
CONSOLIDATED ENTERPRISE AND OF THE AUDITORS WHO
AUDITED THE CONSOLIDATED ACCOUNTS**

LIST OF DIRECTORS, MANAGERS AND AUDITORS

COMPLETE LIST with name, first name, occupation, place of residence (address, number, postal code and municipality)

LEROY Dominique, Chief Executive Officer (until 20/09/2019)
Avenue du Putdael 6, 1150 Brussels, BELGIUM
Chief Executive Officer

BOUTIN Guillaume, Chief Executive Officer and Managing Director (as of 01/12/2019)
Rue Darwin 27, 1050 Brussels, BELGIUM
Chief Executive Officer and Managing Director

DE CLERCK Stefaan, Chairman of the Board of Directors
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Chairman of the Board of Directors

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CONSOLIDATED ENTERPRISE AND OF THE AUDITORS WHO
AUDITED THE CONSOLIDATED ACCOUNTS**

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Represented by :

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Company number: BE 0670.625.336
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Represented by

PETIT Damien
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Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2019 and 2018

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Consolidated Balance Sheet

(EUR million)	Note	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	As of 31 December 2019 IFRS 16
ASSETS				
NON-CURRENT ASSETS		6,850	7,135	7,160
Goodwill	3	2,470	2,470	2,477
Intangible assets with finite useful life	4	1,154	1,154	1,080
Property, plant and equipment	5	3,054	3,054	3,127
Right-of-use assets	6	n.a.	285	307
Lease receivable		4	4	6
Contract costs	7	116	116	113
Investments in associates	8	3	3	2
Deferred income tax assets	10	12	12	16
Other non-current assets	12	35	35	31
CURRENT ASSETS		1,822	1,812	1,818
Inventories	13	129	129	133
Trade receivables	14	1,042	1,042	985
Lease receivable		4	4	3
Contract assets	14	83	83	97
Current tax assets	10	68	68	139
Other current assets	15	152	142	134
Investments	16	4	4	3
Cash and cash equivalents	17	340	340	323
TOTAL ASSETS		8,671	8,946	8,978
LIABILITIES AND EQUITY				
EQUITY	18	3,153	3,153	2,998
Shareholders' equity	18	3,005	3,005	2,856
Issued capital		1,000	1,000	1,000
Reserves		-469	-469	-500
Retained earnings		2,474	2,474	2,356
Non-Controlling interests	18	148	148	142
NON-CURRENT LIABILITIES		3,181	3,393	3,616
Interest-bearing liabilities	19	2,259	2,259	2,360
Lease liabilities		4	216	243
Liability for pensions, other post-employment benefits and termination benefits	11	553	553	639
Provisions	20	142	142	137
Deferred income tax liabilities	10	91	91	110
Other non-current payables	21	132	132	127
CURRENT LIABILITIES		2,338	2,401	2,363
Interest-bearing liabilities	19	232	232	157
Lease liabilities	6	2	64	64
Liability for pensions, other post-employment benefits and termination benefits	11	52	52	225
Trade payables		1,361	1,361	1,284
Contract liabilities	22	109	109	116
Tax payables	10	56	56	28
Other current payables	22	526	526	490
TOTAL LIABILITIES AND EQUITY		8,671	8,946	8,978

Consolidated Income Statement

(EUR million)	Note	Year ended 31 December	
		2018 IAS 17	2019 IFRS16
Net revenue	23	5,764	5,638
Other operating income	24	65	59
Total income		5,829	5,697
Costs of materials and services related to revenue	25	-2,126	-2,018
Workforce expenses	26	-1,245	-1,477
Non-workforce expenses	27	-663	-527
Total operating expenses before depreciation and amortization		-4,034	-4,021
Operating income before depreciation and amortization		1,794	1,676
Depreciation and amortization	28	-1,016	-1,038
Lease depreciation	6	n.a.	-82
Operating income		778	556
Finance income		9	16
Finance costs		-65	-63
Net finance costs	29	-56	-47
Share of loss on associates		-1	-1
Income before taxes		721	508
Tax expense	10	-191	-116
Net income		530	392
Attributable to:	18		
Equity holders of the parent (Group share)		508	373
Non-controlling interests		22	19
Basic earnings per share (in EUR)	30	1.58	1.16
Diluted earnings per share (in EUR)	30	1.58	1.16
Weighted average nb of outstanding ordinary shares	30	322,649,917	322,918,006
Weighted average nb of outstanding ordinary shares for diluted earnings per share	30	322,735,379	322,954,702

Consolidated Statement of Other Comprehensive Income

(EUR million)	Note	Year ended 31 December	
		2018 IAS 17	2019 IFRS 16
Net income		530	392
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		11	4
Transfer to profit or loss on sale			
Cash flow hedges:			
Gain/(Loss) taken to equity		6	0
Transfer to profit or loss for the period		-1	-2
Other		-1	1
Total before related tax effects		15	3
Related tax effects			
Cash flow hedges:			
Loss taken to equity		-2	0
Income tax relating to items that may be reclassified		-1	0
Total of items that may be reclassified to profit and loss - net of related tax effects		14	4
Items that will not be reclassified to profit and loss			
Change in the fair value of equity instruments		-5	0
Remeasurement of defined benefit obligations	11	-28	-43
Total before related tax effects		-32	-43
Related tax effects			
Change in the fair value of equity instruments		-1	0
Remeasurement of defined benefit obligations		0	4
Income tax relating to items that will not be reclassified		-1	4
Total of items that will not be reclassified to profit and loss, net of related tax effects		-33	-38
Total comprehensive income		511	358
Attributable to:			
Equity holders of the parent		487	336
Non-controlling interests		24	22

Consolidated Cash Flow Statement

(EUR million)	Note	Year ended 31 December	
		2018 IAS 17	2019 IFRS 16
Cash flow from operating activities			
Net income		530	392
Adjustments for:			
Depreciation and amortization on intangible assets, property, plant and equipment and right-of-use asset	4/5/6	1,016	1,120
Increase of impairment on intangible assets and property, plant and equipment	3/4/5	23	1
Decrease of provisions	20	-4	-5
Deferred tax income	10	-16	22
Impairment on participating interests		0	2
Loss from investments accounted for using the equity method	8.3	1	1
Loans amortization		2	2
Gain on disposal of consolidated companies and remeasurement of previously held interest	24	0	-4
Gain on disposal of Intangible assets and property, plant and equipment	24	-22	-8
Other non-cash movements		-1	-1
Operating cash flow before working capital changes		1,530	1,522
Increase in inventories		-5	-4
Decrease in trade receivables		95	50
Decrease in contract costs	7	4	3
Increase in contract asset	14,2	-5	-14
Decrease/(increase) in current income tax assets		15	-70
Decrease/(increase) in other current assets		3	-12
Decrease in trade payables		-29	-18
(Decrease)/increase in contract liability		5	-8
Decrease in income tax payables		-58	-27
Increase in other current payables		3	17
Increase in net liability for pensions, other post-employment benefits and termination benefits	11	0	217
Decrease in other non-current payables and provisions		0	-1
Increase in working capital, net of acquisitions and disposals of subsidiaries		28	133
Net cash flow provided by operating activities (1)		1,558	1,655
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	4/5	-1,099	-1,091
Cash paid for acquisitions of other participating interests		-3	-1
Cash paid for acquisition of consolidated companies, net of cash acquired	8.2	-51	-3
Dividends received from non-consolidated companies		1	0
Cash received from sales of intangible assets and property, plant and equipment		37	13
Net cash received from other non-current assets		8	3
Net cash used in investing activities		-1,107	-1,079
Cash flow before financing activities		451	576
Lease payments	6	n.a.	-78
Free cash flow (2)		451	498

(EUR million)	Note	Year ended 31 December	
		2018 IAS 17	2019 IFRS 16
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	31	-485	-486
Dividends to and transactions with non controlling interests	18.2	-28	-60
Net sale of treasury shares		4	8
Net sale of investments		1	1
Decrease of shareholders' equity		-3	0
Cash received from cash flow hedge instrument related to long term debt		8	-1
Issuance of long term debt	19.3	399	99
Repayment of long term debt	19.3	-408	0
Issuance/(repayment) of short term debt	19.3	68	-76
Cash flows used in financing activities other than lease payments		-444	-515
Net change of cash and cash equivalents		7	-17
Cash and cash equivalents at 1 January		333	340
Cash and cash equivalents at the end of the period	17	340	323
(1) Net cash flow from operating activities includes the following cash movements :			
Interest paid		-49	-40
Interest received		2	1
Income taxes paid		-249	-191
(2) Free cash flow: cash flow before financing activities and after lease payments			

Consolidated Statement of Changes in Equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasurement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at 1 January 2018	1,000	-431	100	5	-128	-4	4	2,451	2,997	156	3,153
Total recognised income and expense	0	0	0	-1	-27	6	0	508	487	24	511
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to retained earnings	0	0	0	2	0	0	0	-2	0	0	0
Dividends to shareholders (relating to 2017)	0	0	0	0	0	0	0	-323	-323	0	-323
Interim dividends to shareholders (relating to 2018)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-28	-28
Business combination	0	0	0	0	0	0	0	3	3	-3	0
Treasury shares											
Sale of treasury shares	0	2	0	0	0	0	0	-3	0	0	0
Stock options											
Exercise of stock options	0	1	0	0	0	0	0	0	1	0	1
Total transactions with equity holders	0	4	0	0	0	0	0	-483	-479	-32	-511
Balance at 31 December 2018	1,000	-427	100	6	-155	3	4	2,474	3,005	148	3,153
Balance per 1 January 2019	1,000	-427	100	6	-155	3	4	2,474	3,005	148	3,153
Total comprehensive income	0	0	0	-1	-39	2	0	373	336	22	358
Dividends to shareholders (relating to 2018)	0	0	0	0	0	0	0	-324	-324	0	-324
Interim dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-162	-162	0	-162
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-29	-29
Business combination	0	0	0	0	0	0	0	-2	-2	2	0
Changes in shareholders' equity	0	0	0	0	0	0	0	-6	-6	0	-6
Treasury shares											
Sale of treasury shares	0	3	0	0	0	0	0	2	5	0	5
Stock options											
Exercise of stock options	0	3	0	0	0	0	0	0	3	0	3
Total transactions with equity holders	0	6	0	0	0	0	0	-491	-485	-28	-513
Balance at 31 December 2019	1,000	-421	100	6	-194	5	4	2,356	2,856	142	2,998

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2019 were authorized for issue by the Board of Directors on 20th February 2020. They comprise the financial statements of Proximus SA, its subsidiaries as well as the Group's interest in associates and joint ventures accounted for under the equity method (hereafter "the Group").

Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium. The transformation of Proximus SA from "Autonomous State Company" into a "Limited Liability Company of Public Law" was implemented by the Royal Decree of 16 December 1994. Proximus SA headquarters are located at Boulevard du Roi Albert II, 27 1030 Brussels, Belgium. The company's name change took place in 2015.

The Board of Directors, the Chief Executive Officer and the Executive Committee assess the performance and allocate resources based on the customer-oriented organization structured around the following reportable operating segments.

- **The Consumer Business Unit (CBU)** sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers and small offices as well as ICT-services mainly on the Belgian market and provides related customer operations.
- **The Enterprise Business Unit (EBU)** sells ICT and Telecom services and products to medium and corporate enterprises. These ICT solutions, including telephone services, are marketed mainly under the Proximus, and Telindus brands, on both the Belgian and international markets;
- **Wholesale unit (WU)** sells services to other telecom and cable operators;
- **International Carrier Services (ICS)** is responsible for international carrier activities;
- **The Technology Unit (TEC)** centralizes all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions), and provides services to CBU, EBU and WU;
- **Staff and Support (S&S)** brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate that support the Group's activities.

The number of employees of the Group (in full time equivalents) amounted to 13,385 at 31 December 2018 and 12,931 at 31 December 2019.

For the year 2018, the average headcount of the Group was 165 management personnel, 11,976 employees and 1,020 workers. For the year 2019, the average headcount of the Group was 159 management personnel 11,934 employees and 914 workers.

Note 2. Significant accounting policies

Basis of preparation

The accompanying consolidated financial statements as of 31 December 2019 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

Changes in accounting policies

The Group does not anticipate the application of standards and interpretations. The accounting policies applied are consistent with those of the previous financial years except that the Group applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2019 and that are detailed as follows:

New standards:

- IFRS 16- Leases

Amendments to standards:

- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- IFRIC 23- Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- Annual Improvements to IFRS 2015-2017 Cycle.
- Amendments to IAS 28 Long-Term interests in Associates and Joint Ventures

The adoption of these new and amended standards has limited impacts on the financial statements of the Group except for adoption of IFRS 16.

Impact on Lessee Accounting

Under IAS 17, the Group was required to classify its leases as either finance or operating leases. Under the new standard, lessees are required to account for all leases under a single on-balance sheet model like the accounting for finance leases under IAS 17. The distinction between operating and finance leases is removed for lessees.

When the Group acts as lessee a right-of use-asset and a lease liability is to be recognized for all leases conveying the right to control the use of an identified asset for a period of time. Accordingly, the expenses relating to the use of the leased asset previously presented in operating expenses are now capitalized and depreciated. The discounting of lease liability is periodically unwound into finance cost.

When the Group acts as a lessor the distinction between operating and finance leases remains.

Financial impact of the initial application of IFRS 16

For the transition to IFRS 16 the Group decided to adopt the simplified transition approach with the cumulative effect of initially applying IFRS 16 recognized in retained earnings (if any) at the date of initial application, being 1 January 2019. The comparative reporting period before adoption is not restated. Right-of-use assets are measured at the amount of the lease liabilities at adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The Group decided not to apply exemptions for short-term leases or leases for which the underlying is of low value and to exclude the initial direct costs from the right-of-use. The non-lease components are not included in the lease liabilities. IFRS 16 is not applied to leases for intangible fixed assets.

At transition, initial recognition of lease liabilities under IFRS 16 amounted to EUR 275 million and were measured at the present value of the remaining lease payments with the Group's incremental borrowing rate at a discount rate ranging from 0.2% to 2.5%. There is no impact on equity as a result of the initial adoption of IFRS 16.

For the Group acting as a lessor, the Group did not identify impacts at adoption date.

The effect of adopting IFRS 16 on the consolidated balance sheet is as follows:

(EUR million)	As per 31 Dec 2018	Initial recognition IFRS 16	As per 1 January 2019
Assets	18	275	293
Right-of-use asset	0	285	285
Leasing receivables – non-current	4	-	4
Leasing receivables – current	4	-	4
Prepaid expenses	10	-10	0
Liabilities	5	275	280
Lease liabilities – non-current	4	212	216
Lease liabilities – current	2	63	64

In note 33 of the 2018 consolidated financial statements, future minimum rentals payable under the non-cancellable operating leases at 31 December 2018 were disclosed and amounted to EUR 295 million.

The table below provides the reconciliation between these non-cancellable lease commitments and the lease liability of EUR 280 million recognized in the opening balance sheet at IFRS 16 adoption:

Operating lease commitments at 31 December 2018 (in note 33)	295
Operating lease commitments at 31 December 2018 but starting after 1 January 2019*	-60
Non-cancellable lease commitments excluding leases starting after 1 January 2019	235
Impact of expected end date**	58
Impact of discounting	-8
Existing finance lease liabilities at 31 December 2018	5
Prepaid lease payments at 31 December 2018	-10
Lease liability at 1 January 2019	280

* The operating lease commitments as reported at 31 December 2018 included commitments for contracts for which the asset became only be available for use in the course of 2019. IFRS 16 requires leases to be recognized when they are available for use. The lease liabilities for those commitments are therefore not recognized in the opening balance but were recognized as they became available for use.

** The lease term under IAS 17 represents the minimum non-cancellable period. Under IFRS 16, the lease term corresponds to the period including all extension options deemed reasonably certain to be exercised and until both lessee and lessor can terminate the contract.

Alternative Performance Measures

The Group uses so called “Alternative Performance Measures” (“APM”) in the financial statements and notes. An APM is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework (IFRS). A glossary describing these is included in the section “Management Discussion” of the Consolidated Management Report. They are consistently used over time and when a change is needed, comparable information is restated.

Basis of consolidation

Note 8 lists the Group’s subsidiaries, joint ventures and associates.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Intercompany balances and transactions and

resulting unrealized profits or losses between Group companies are eliminated in full in consolidation. When necessary, accounting policies of subsidiaries are adjusted to ensure that the consolidated financial statements are prepared using uniform accounting policies.

Changes in Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in these consolidated financial statements using the equity method.

Associated companies are companies in which the Group has a significant influence, defined as an investee in which Proximus has the power to participate in its financial and operating policy decisions (but not to control the investee). These investments are also accounted for using the equity method.

Under the equity method, the investments held in associates or joint venture are initially recognized at cost and the carrying amount is subsequently adjusted to recognize the Group's share in the profit or losses or other comprehensive income of the associate or joint venture as from the date of acquisition. These investments and the equity share of results for the period are shown in the balance sheet and income statement as respectively, investments in associates and joint ventures, and share in the result of the associates and joint ventures.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between, on the one hand the carrying amount of the associate or joint venture at the date the use of the equity method is discontinued and on the other hand the fair value of any retained interest and any proceeds of disposing of part of the interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests

Business Combinations

Acquisitions of businesses are accounted using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

At acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at that date. This includes fair valuing the unrecognized assets and liabilities in the balance sheet of the acquiree, which concerns mainly customer bases and trade names.

Non-controlling interests may be initially measured either at fair value or at the proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement principle is made on a transaction by transaction basis.

Judgments and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.

Judgments and estimates that are made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates). Although these estimates are based on

management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

Critical judgements in applying the Group accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Revenue recognition under IFRS 15

Under IFRS 15, the transaction price is allocated to the identified performance obligations in the contract based on their relative standalone selling prices. Judgement is required in determining the stand-alone price and the transaction price considering the contract duration.

- **Determination of the contract duration**

To define the duration of its contracts the Group considered the contractual period in which the parties to the contract have present enforceable rights and obligations. A contract has a duration when it includes a substantive termination payment. The duration runs until the termination payment is not due anymore. If there is no substantive termination payment clause, the Group concluded that the contract has no duration (i.e. open-ended contracts).

- **Determination of the stand-alone selling price**

In situations where the stand-alone selling price is not directly observable, the Group assesses it using all information (including market conditions, Proximus-specific factors and information about the customer or class of customer) that is reasonably available to it. This situation occurs mainly in the context of combined offers with subsidized devices, for which a cost-plus approach method is applied to one of the components.

Discounts granted because a customer entered into a contract, are allocated to all performance obligations triggering the granting of the discount.

- **Identification of performance obligations**

Identification of the performance obligations requires judgment and in-depth understanding of the promises in the contract and how they interact with each other.

Leases under IFRS 16

- **Determining whether an arrangement contains a lease**

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control use of an identified asset for a period of time in exchange for consideration. For some contracts, significant judgment is required to assess whether a contract conveys the right to use an asset or is instead a contract for a service that is provided using that asset.

- **Lease term**

When the Group acts as lessee the lease term consists of the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Significant judgement is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Functional currency of the Group entities

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates. Management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions. The current assessment of management about the functional currency of TeleSign is US Dollar.

Control in BICS

Note 8 describes that BICS is a subsidiary of the Group held with 57.6% of the shares and 57.6% of the voting rights to the company shareholders' meeting.

The shareholders agreement with BICS foresees decision-making rules and a deadlock procedure in force as from 1 January 2010. Thanks to these rules and procedures, the Group concluded in the past that it controlled BICS. This conclusion remains valid when applying IFRS 10 "Consolidated Financial Statements" (effective on 1 January 2014), even when considering potential barriers to exercise control on BICS.

Key sources of estimation uncertainty

Claims and contingent liabilities (see note 34)

Related to claims and contingencies, judgment is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outflow of economic resources. This judgment is reviewed when new information becomes available and with support of outside experts advises.

Income tax

On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid. BICS has applied such tax ruling for the period 2010-2014. BICS has paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favor of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the European Court of Justice (ECJ) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened separate in-depth investigation into 39 individual excess profit rulings including the excess profit rulings obtained by BICS. Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

Recoverable amount of cash generating units including goodwill

In the context of the impairment test, the key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 3 (Goodwill).

Actuarial assumptions related to the measurement of employee benefit obligations and plan assets

The Group holds several employee benefit plans such as pension plans, other post-employment plans and termination plans. In the context of the determination of the obligation, the plan asset and the net periodic cost, the key assumptions that are used are discussed in note 11 (Assets and liabilities for pensions, other post-employment benefits and termination benefits).

Foreign currency translation

Foreign currency transactions are recognized in functional currency on initial recognition, at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the balance sheet date using the exchange rate at that date. Net exchange differences on the translation of monetary assets and liabilities are classified in "non-workforce expenses" in the income statement in the period in which they arise.

Foreign operations

Some foreign subsidiaries and joint-ventures operating in non-EURO countries are considered as foreign operations that are integral to the operations of the reporting enterprise. Therefore, monetary assets and liabilities are translated using the exchange rate at balance sheet date, non-monetary assets and liabilities are translated at the historical exchange rate, except for non-monetary items that are measured at fair value in the domestic currency and that are translated at the exchange rate when the fair value was determined.

Revenue and expenses of these entities are translated at the weighted average exchange rate. The resulting exchange differences are classified in “non-workforce expenses” in the income statement.

For other foreign subsidiaries and joint-ventures operating in non-EURO countries, assets and liabilities are translated using the exchange rate at balance sheet date. Revenue and expenses of these entities are translated at the weighted average exchange rate. The resulting exchange differences are taken directly to a separate component of equity. On disposal of such entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, over the net fair value of identifiable assets, liabilities and contingent liabilities acquired in business combination. When the Group obtains control, the previously held interest in the acquiree, if any, is re-measured to fair value through the income statement.

When the net fair value, after reassessment, of identifiable assets, liabilities and contingent liabilities acquired in a business combination exceeds the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, this excess is immediately recognized in income statement as a bargain purchase gain.

Changes in a contingent consideration included in the consideration transferred are adjusted against goodwill when they arise during the provisional purchase price allocation period and when they relate to facts and circumstances existing at acquisition date. In other cases, depending if the contingent consideration is classified as equity or not, changes are taken into equity or in the income statement.

Acquisition costs are expensed, and non-controlling interests are measured at acquisition date either at their value or at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Goodwill is stated at cost and not amortized but subject to an annual impairment test at the level of the cash generating unit to which it relates and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired. An impairment loss recognized for goodwill is never reversed in subsequent periods, even if there are indications that the impairment loss may no longer exist or may have decreased.

Goodwill is expressed in the currency of the subsidiary to which it relates and is translated to EUR using the year end exchange rate.

Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication (“GSM”) license, the Universal Mobile Telecommunication System (“UMTS”) license, 4G licenses, customer bases, patents and trade names acquired in business combinations, internally developed software and other intangible assets such as football rights and broadcasting rights and externally developed software.

The Group capitalizes certain costs incurred in connection with developing or purchasing software for internal use when they are identifiable, when the Group controls the asset and when future economic benefits from the asset are probable. Software costs are included in internally generated and other intangible assets and are amortized over three to five years.

Intangible assets with finite life acquired separately are measured on initial recognition at cost. Only the fixed portion of the consideration is capitalized, except for intangible assets acquired with different pricing structure over time. For these assets both the fixed as the estimated variable consideration is capitalized at acquisition date. When the carrying amount of the financial liability is subsequently re-measured the cost of the asset is adjusted. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses. The residual value of such intangible assets is assumed to be zero.

Customer bases and trade names acquired in business combinations are straight-line amortized over their estimated useful life (3 to 20 years). Except when the use of an asset is limited in time, for contractual reasons or reflecting the management intention on the use of the asset, the duration of an asset's useful life is set at acquisition date, for each asset individually, in such a way that the expected cumulated discounted cash flows generated by the concerned asset over its useful life represent approximately 90% of the total cumulated discounted cash flows expected from the asset.

GSM, UMTS and 4 G licenses, other intangible assets and internally generated assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization commences when the intangible asset is ready for its intended use. The licenses' useful lives are fixed by Royal Decree and they range from 5 to 20 years.

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
GSM (2G)	5 to 6
UMTS (3G)	16
LTE (4G)	15
800 Mhz (4G)	20
Customer bases, trade names, patents and software acquired in a business combination	3 to 20
Software	5
Rights to use, football and broadcasting rights	Over the contract period (usually from 2 to 5)

The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment

Property, plant and equipment including assets rented to third parties through operating leases, are presented according to their nature and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses when it does not extend the life of the asset or does not significantly increase its capacity to generate revenue. The cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the item.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation of an asset begins when the asset is ready for its intended use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The useful lives are assigned as follows:

	Useful life (years)
Land and buildings	
Land	Indefinite
Buildings and building equipment	22 to 33
Facilities in buildings	3 to 10
Leasehold improvement and advertising equipment	3 to 10
Technical and network equipment	
Cables and ducts	15 to 20
Switches	8 to 10
Transmission	6 to 8
Radio Access Network	6 to 7
Mobile sites and site facility equipment	5 to 10
Equipment installed at client premises	2 to 8
Data and other network equipment	2 to 15
Furniture and vehicles	
Furniture and office equipment	3 to 10
Vehicles	5 to 10

The asset's residual values, useful life and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs of material, workforce and non-workforce expenses are shown net of work performed by the enterprise that is capitalized in respect of the construction of property, plant and equipment.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Contract costs

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission paid to dealers relating to postpaid contracts. Contract costs are recognized as non-current assets as the economic benefits from these assets are expected to be received in the period longer than twelve months.

Contract costs relating to postpaid contracts are deferred on a systematic basis that is consistent with the transfer to the customer of the services, being the time, at which related revenue is recognized. The group adopted a portfolio approach for the contract costs. Contract costs relating to the CBU segment are deferred over three years and for the EBU segment five years.

All other commissions are expensed when incurred.

Impairment of non-financial assets

The Group reviews the carrying value of its non-financial assets at each balance sheet date for any indication of impairment.

The Group compares at least once a year the carrying value with the estimated recoverable amount of intangible assets under construction and cash generating units including goodwill. The Group performs this annual impairment test during the fourth quarter of each year.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds the estimated recoverable amount, being the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use for the Group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses on goodwill, intangible assets and property, plant and equipment are recorded in operating expenses. An assessment is made at each balance sheet date as to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, impairment losses in respect of assets other than goodwill are reversed in order to increase the carrying amount of the asset to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement in operating expenses.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their respective taxation bases.

Deferred tax assets associated to deductible temporary differences and unused tax losses carried forward are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized in the income statement except to the extent that they relate to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans to which the contributions are made through separately managed funds. The Group also agreed to provide additional post-employment benefits to certain employees. The cost of providing benefits under the plans is determined separately for each plan using the projected credit unit actuarial valuation method. Actuarial gains and losses are recognized through Other Comprehensive Income (equity). Any past service cost and gain or loss on settlement is recognized in income statement when they occur.

When applying the IAS 19 revised, the Group decided to classify the periodic cost in operating and financing activities for their respective components.

The Group also operates several defined contribution plans. For plans with guaranteed minimum return management applied the 'Projected Unit Credit' method.

The discount rate used to calculate the present value of the plans reflects the market yields on high-quality corporate bonds. To determine the underfunding this is compared to the plan assets.

The Group operates several restructuring programs that involve termination benefits or other forms of additional compensation. Voluntary termination benefits to encourage employees to leave service are recognized when employees accept the offer of those benefits. Involuntary termination benefits are recognized when the Group has communicated its plan of termination to the affected employees and the plan meets specified criteria.

Benefits conditional on future service being provided do not qualify as termination benefits but as long-term employee benefits. The liability for those benefits is recognized over the period of the future service.

The actuarial gains and losses on the liabilities for restructuring programs are recognized in the income statement when incurred.

Short-term and long-term employee benefits

The cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

Financial instruments

Classification

The Group classifies its financial assets in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At fair value through other comprehensive income ("FVTOCI"); or
- At amortized cost.

The Group classifies its financial liabilities in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At amortized cost.

Financial assets

The Group determines the classification of the financial assets at initial recognition. The classification is driven by the Group's business model for managing the financial assets ('hold to collect', 'hold to collect and sell' and 'other') and their contractual cash flow characteristics (Solely payments of Principal and Interest "SPPI" test i.e. whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding).

If a non-equity financial asset fails the SPPI test, the Group classifies it at Fair Value Through Profit or Loss (FVTPL). If it passes the SPPI test, it will either be classified at amortized cost if the 'hold to collect' business model test is met, or at Fair Value Through Other Comprehensive Income (FVTOCI) if the 'hold to collect and sell' business model test is met.

For equity financial assets other than interests in subsidiaries, associates and joint ventures, the Group makes at initial recognition an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI or FVTPL.

The equity investments held for trading are always designated at FVTPL.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, with no subsequent recycling to the income statement.

Accumulated remeasurements on disposal or settlements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

The Group holds no other investment measured at FVTOCI.

Dividend income is recognized in the income statement.

Financial assets and liabilities at amortized cost

Financial assets, other than trade receivables, and liabilities at amortized cost are initially recognized at fair value plus or minus directly attributable transaction costs. Trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component.

These financial instruments are subsequently carried at amortized cost using the effective interest rate method less any impairment, if applicable.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities are included in the consolidated net (loss) income in the period in which they arise.

The Group has not designated financial liabilities at FVTPL (FV option). Derivatives are measured at FVTPL.

Expected credit losses

The Group applies the forward-looking expected credit loss (ECL) model.

The ECL model considers all losses that result from all possible default events over the expected life of the financial instrument (life-time expected credit losses) or that result from possible default events over the next 12 months (12-month expected credit losses), depending on whether the credit risk of the financial asset has increased significantly since initial recognition or not (the general ECL model).

Proximus recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs. Same treatment is applied to contract assets resulting from the application of IFRS 15 and lease receivables, even though these are not classified as financial assets.

At each reporting date, the Company measures the loss allowance for these assets.

The Group has limited trade receivables with financing component. The Group applies a simplified method and measures the loss allowance at an amount equal to the lifetime expected credit losses, for all trade receivables, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including information that is forward-looking.

For CBU and EBU receivables, the payment delays compared to the contractual due dates and the status of the legal actions taken to recover the receivables due are the main information considered to assess whether credit risk has increased significantly since initial recognition. A provision matrix is used.

For the ICS segment, the Group considers experience and reasonable and supportable information about future expectations to define provision rates on an individual rate" base.

Following indicators are used:

- an actual or expected significant deterioration of the customer's external (if available) or internal credit rating;
- significant deterioration of the country risk in which the customer is active;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The same methodology is applied for contract assets.

For financial assets at amortized costs, contract assets and lease receivables, allowances and impairment are recognized in profit or loss.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are assumed not recoverable by external recovery agency, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Criteria for initial recognition and for de-recognition of financial assets and liabilities

Financial assets and liabilities are initially recognized when the Group becomes party to the contractual terms of the instruments. "Regular way" ("spot") purchases and sales of financial assets are accounted for at their settlement dates.

Financial assets (or a portion thereof) are derecognized only when the contractual rights to cash flows from the financial assets expire. For equity investments, the accumulated remeasurements to fair value in other comprehensive income are reclassified to retained earnings on de-recognition.

Financial liabilities (or a portion thereof) are de-recognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the income statement.

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

- For equity investments in quoted companies and mutual funds, the fair value is their quoted price;
- Investments in non-quoted companies are measured at Fair value. Fair value is estimated by reference to recent sale transactions on the shares of these non-quoted companies and, in the absence of such transactions, by using different valuation techniques such as discounted future cash flow models and multiples methods.
- For long-term debts carrying a floating interest rate, the amortized cost is assumed to approximate fair value;
- For long-term debts carrying a fixed interest rate, the fair value is determined based on the market value when available or otherwise based on the discounted future cash flows;
- For derivatives, fair values are estimated by either considering their quoted price on an active market, and if not available by using different valuation techniques, in particular the discounting of future cash flows.

Criteria for offsetting financial assets and liabilities

Where a legally enforceable right of offset currently exists for recognized financial assets and liabilities, and Proximus has the intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all amounts in the statement of financial position are offset.

Trade receivables

Trade receivables are shown on the balance sheet are initially recognized at contract price and subsequently at amortized costs (SPPI model applies) less the allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash, current bank accounts and term accounts with a maturity on acquisition of less than three months. These assets are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost.

Interest-bearing liabilities

All loans and borrowings are initially recognized at their cost which generally corresponds to the fair value of the consideration received (net of issuance costs associated with the borrowings).

After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through the income statement.

Derivatives

On transition to IFRS 9 on 1 January 2018 the Group has chosen to continue applying the hedge accounting requirements of IAS 39 instead of applying the new requirements in IFRS 9 for 2018.

The Group does not hold or issue derivative financial instruments for trading purposes but some of its derivative contracts do not meet the criteria set by IAS 39 to be subject to hedge accounting and are therefore treated as derivatives held-for-trading, with changes in fair value recorded in the income statement.

The Group makes use of derivatives such as IRCS, forward foreign exchange contracts and currency options to reduce its risks associated with foreign currency fluctuations on underlying assets, liabilities and anticipated transactions. The derivatives are carried at fair value under the captions other assets (non-current and current), interest-bearing liabilities (non-current and current) and other payables (non-current and current).

An IRCS is used to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt denominated in JPY. The Group does not apply hedge accounting for this derivative.

This long-term debt expressed in JPY includes an embedded derivative. Such derivative is separated from its host contract and carried at fair value with changes in fair value recognized in the income statement. The mark-to-market effects on this derivative are offset by those on the IRCS.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income and gradually reclassified to profit or loss in the same period as the hedged item.

As from September 2011, the Group started contracting derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applies cash flow hedge accounting; the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The other forward exchange contracts do not qualify for hedge accounting and are consequently carried at fair value, with changes in fair value recognized in the income statement through financial result except when the underlying is recognized in the balance sheet and relates to costs recorded in operating income or to capitalized expenditures. In this case, changes in fair value are recognized in the income statement through operating income.

Net gains and losses on financial instruments

Dividends, interest income and interest charges arising from financial instruments are posted to the finance income (costs).

Remeasurements of financial instruments carried at FVTPL are accounted for as finance income (costs) when the instruments relate to financing activities.

Remeasurements of the financial instruments carried at FVTPL that relate to operating or investing activities (other than mentioned above), are accounted for as other operating income (expenses).

Accumulated remeasurements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

Net gains and losses on derivatives used to manage foreign currency exposure on operating activities that do not qualify for hedge accounting under IAS 39 are recorded as operating expenses.

Net gains and losses resulting from fair value measurement of derivatives used to manage interest rate exposure on interest-bearing liabilities that do not qualify for hedge accounting under IAS 39 are recorded in finance income/(costs).

Contract assets

A contract asset is the Group's right to consideration in exchange for goods or services that it has already transferred to a customer and arise essentially in the context of contracts containing mobile and fix joint offer with a subsidized handset and services to be delivered over 24 months. The assets are classified as current as they are expected to be realized as part of the Group normal operating cycle.

When a contract for which a contract asset was recognized is terminated anticipatively by the customer, the net amount resulting from the contract settlement is recognized as device revenue. The compensation for the device corresponds to the unamortized part of the device when the contract is terminated.

Contract assets is a conditional right recognized on the balance sheet at cost less loss allowance, as defined on the life time expected credit loss model.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined based on the weighted average cost method except for IT equipment (FIFO method) and goods purchased for resale as part of specific construction contracts (individual purchase price).

For inventory intended to be sold in joint offers, calculation of net realizable value considers the future margin expected from the telecommunications services in the joint offer, with which the item of inventory is offered.

For construction contracts, the percentage of completion method is applied. The stage of completion is measured by reference to the amount of contract costs incurred for work performed at balance sheet date in proportion to the estimated total costs for the contract. Contract cost includes all expenditures directly related to the specific contract and an allocation of fixed and variable overheads incurred in connection with contract activities based on normal operating capacity.

Lease agreements

The Group assesses whether a contract is or contains a lease, at inception of the contract.

Group as a lessee (receives a right to use an asset from a supplier)

When the Group is lessee it applies a single recognition and measurement approach for all leases. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The Group does not apply the short-term lease recognition exemption nor the low-value recognition exemption.

- Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are included in Interest-bearing loans and borrowings (see Note 19).

- Right-of-use assets

Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Group as a lessor (grants a right to use an asset to a customer)

Leases for which the Group is a lessor are classified as finance or operating leases. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

For finance leases the Group recognizes a receivable at an amount equal to the net investment in the lease, this is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross

investment is the sum of the lease payments receivable by the Group and any unguaranteed residual value accruing to the Group.

Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease rather than by reference to the underlying asset (e.g. the item of property, plant and equipment that is subject of the lease

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, considering the available evidence, it is more likely than not that a present obligation exists at the balance sheet date. The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

Certain assets and improvements that are situated on property owned by third parties must eventually be dismantled, and the property must be restored to its original condition. The estimated costs associated with dismantling and restorations are recorded under property, plant and equipment and depreciated over the useful life of the asset. The total estimated cost required for dismantling and restoration, discounted to its present value, is recorded under provisions. Where discounting is used, the increase in the provision due to the passage in time is recognized in financial expense in the income statement.

Assets and associated liabilities classified as held for sale

The Group classifies assets (or disposal group) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through a continuing use. This condition is met when the asset (or disposal group) is available for immediate sale in its present condition, the sale is highly probable and expected to occur within one year. Assets and associated liabilities held for sale (or disposal group) are recorded at the lower of their carrying value or fair value less costs to sell and are classified as current assets.

Share based payment

Equity and cash settled share-based payments to employees are measured at the fair value of the instrument at the grant date taking into account the terms and conditions upon which the rights are granted, and by using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

For equity settled arrangement the fair value is recognized in workforce expenses over their vesting period, together with an increase of the caption "stock compensation" of the shareholders' equity for the equity part and an increase of a dividend liability for the dividend part. When the share options give right to dividends declared after granting the options, the fair value of this right is re-measured regularly.

For cash settled arrangement the fair value is recognized in workforce expenses over their vesting period together with an increase in the liabilities. The liabilities are regularly re-measured to reflect the evolution of the fair values.

Contract liabilities

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due.

Revenue

Proximus assesses at contract inception the goods or services promised in a contract with a customer and identifies as Performance obligation each promise to transfer to the customer either a good or service (or a bundle of) that is distinct, either a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Performance obligations are identified when following criteria are met

- Capable of being distinct: the customer can benefit from the goods and services on its own or together with other resources readily available to the customer
- Distinct within the context of the contract: a promise within the context of the contract is distinct from other promises in the contract if Proximus considers that it fulfills its contractual obligations by delivering the concerned promise independently from the others. Promises in a context of a contract are not distinct within the context of the contract when their nature is to be transferred in combination with other promises.

Following promises can be performance obligations, depending on their natures and interdependencies with the other promises in the contract:

- Traffic and data usage services; revenue is recognized on usage
- TV services: revenue is recognized over the contractual term
- Maintenance services: recognized over the contractual term
- Sale of equipment: revenue is recognized when the customer obtains control over the equipment
- Rent of equipment: rental revenue is recognized over the contractual period
- Setup/installation/activation fees: are recognized when delivered
- License of intellectual property: revenue recognized when transferred to the customer.

When these promises are not distinct, the Group combines them with other promises in the arrangement until the combined promises form a promise that is distinct (i.e. a performance obligation). Timing of revenue recognition for a Performance Obligation is based on the pattern of transfer to the customer of the predominant promise in that bundle.

When the “series guidance” applies i.e. when goods and services are distinct and substantially the same, the Group considers them as one Performance obligation. Each pricing plan – postpaid and prepaid (mobile voice, fix voice, internet, TV) is therefore considered as single performance obligation.

When contracts include different performance obligations that are not substantially the same, the transaction price is allocated to the different performance obligations of the arrangements based on their relative stand-alone selling prices. When contracts include customer options (i.e. unilateral rights granted to the customer) to acquire additional goods or services with a discount, including sales incentives, customer award points, contract renewal options or other discounts on future goods or services, revenue is allocated to these options when they provide the customer with a material right i.e. an unilateral right for the customer to obtain an advantage because he enters the contract.

When another party is involved in providing goods or services to a customer, the Group assesses for each performance obligation whether the nature of its promise is to provide the specified goods or services itself (ie the Group is a principal) or to arrange for those goods or services to be provided by the other party (ie the Group is an agent). When the Group acts as agent only the commission is recognized in revenue.

Operating expenses

The costs of materials and services related to revenues include the costs for purchases of materials and services directly related to revenue.

Work force expenses are expenses related to own employees (personnel expenses and pensions) as well as to external employees.

Operating expenses are reported net of work performed by the Group, which is capitalized. They are reported by nature.

Incremental costs to obtain a contract are deferred on a straight-line basis over 3 years for contract belonging to the CBU segment and 5 years for contracts belonging to the EBU segment.

Note 3. Goodwill

(EUR million)	Goodwill
As of 1 January 2018	2,431
Acquisitions of ION IP, UMBRIO, CODIT, MediaMobile and price adjustment for TeleSign Holding INC	39
Effect of movements in foreign exchange	2
Finalisation of purchase price allocation	-2
As of 31 December 2018	2,470
Finalisation of purchase price allocation	5
Effect of movements in foreign exchange	3
As of 31 december 2019	2,477

The goodwill increased by EUR 7 million to EUR 2,477 million in 2019 as a result of the finalization of the purchase price allocation of MediaMobile (see note 8.4) as well as the impact of translation from foreign currencies in relation with TeleSign.

Goodwill is tested for impairment at the level of operating segments as the performance, financial position (including goodwill) and capital expenditures within the Group are being monitored at operating segment level.

For the purpose of impairment testing, goodwill acquired in a business combination is, at acquisition date, allocated to each of the Group operating segments that is expected to benefit from the business combination. Therefore, this allocation is based on the nature of the acquired customers and activities.

At 31 December 2019, all businesses acquired were fully allocated to one single operating segment, except for the goodwill resulting from the acquisition of non-controlling interests in 2007 in Belgacom Mobile, which was allocated to the Consumer Business Unit and the Enterprise Business Unit on basis of their relative value in use for the Group at 31 December 2007.

The carrying amount of the goodwill is allocated to the operating segments as follows:

(EUR million)	As of 31 December	
	2018	2019
Consumer Business Unit	1,303	1,303
Enterprise Business Unit	767	771
International Carrier Services	401	403
Total	2,470	2,477

The recoverable amount at segment level was based on the value in use estimated through a discounted free cash flow model. The key variables used in determining the value in use are:

- The operating income before depreciation and amortization (except for the International Carrier Services segment for which the direct margin is more important);
- The capital expenditures;
- The long-term growth rate;
- The post-tax weighted average cost of capital;
- The mark-up rate to be applied on staff and support services, should Proximus Group organize a full and at arm's length transfer pricing between the segments;

- The expected rate of return on TEC capital employed¹, allowing the determination of TEC network related costs to be invoiced to the other segments, should Proximus Group organize a full and at arm's length transfer pricing between the segments.

CBU and EBU operating income before depreciation and amortization is highly sensitive to the following operational parameters: number of customers by type of service (TV, fix...), traffic (if applicable) and net ARPU by customer for each type of service. The value attached to each of these operational parameters is the result of an internal process, conducted in each segment and at group level, by confronting data from the market, market perspectives, and the strategies Proximus intends to implement in order to be adequately prepared for upcoming challenges.

The value in use calculations are based on the Three-Year Plan (2020 to 2022), as presented by management to the Board of Director. Subsequent years were extrapolated based on a growth rate comprised between 0% and 0.5% in 2019 and between 0% and 1.3% in 2018 for the operating segment.

The free cash flows considered for calculating the value in use are estimated for the concerned assets in their current condition and exclude the cash inflows and outflows that are expected to arise from any future restructuring to which the Group is not yet committed and from improving or enhancing the assets performance. Free cash flows of each segment were discounted with the Group post-tax weighted average cost of capital (ICS excluded) of 4.9% in 2019 and 5.3% in 2018, with the exception of the ICS segment for which a specific post-tax weighted average cost of capital of 7.9% in 2019 and 8.0% in 2018 was used, its activities being deemed different enough from those of the rest of the Group to justify a specific calculation. The pre-tax weighted average cost of capital, derived from the post-tax weighted average cost of capital via an iterative method, was comprised between 6.3% and 8.8% in 2019 and between 7% and 8.8% in 2018. The Group reviews annually the growth rate and the weighted average cost of capital in the light of the market economics.

The calculated weighted average costs of capital at Group level and for the ICS segment are based on the relative weight of their capital structure components and include a risk premium specific to their inherent risks.

None of the goodwill was impaired at 31 December 2019. Sensitivity analysis for all segments demonstrates that in case of a reasonable change in one of the key assumptions, their values in use still exceed their net carrying values.

¹ Return on capital employed corresponds to the adjusted pre-tax Weighted Average Cost of Capital

Note 4. Intangible assets with finite useful life

(EUR million)	GSM and UMTS licences	Intangibles acquired in a business combination	TV rights	Other intangible assets	Total
Cost					
As of 1 January 2018	681	879	286	2,299	4,145
Additions	0	0	71	83	153
Acquisition of subsidiary	0	29	0	8	36
Internally generated assets	0	0	0	185	185
Derecognition	0	0	-54	-176	-229
Reclassifications	0	0	0	-23	-24
Foreign exchange adjustment	0	4	0	0	4
As of 31 December 2018	681	911	303	2,375	4,270
Additions	8	0	91	99	199
Acquisition of subsidiary	0	6	0	0	6
Internally generated assets	0	0	0	166	166
Derecognition	-297	0	-32	-51	-380
Reclassifications	0	0	0	10	10
Effect of movements in foreign exchange	0	2	0	0	2
As of 31 December 2019	391	919	363	2,600	4,273
Accumulated amortization and impairment					
As of 1 January 2018	-495	-574	-113	-1,730	-2,912
Amortization charge for the year	-32	-67	-110	-223	-431
Impairment charge	0	0	0	-22	-22
Acquisition of subsidiary	0	0	0	-6	-6
Derecognition	0	0	54	176	229
Reclassifications	0	0	0	27	27
As of 31 December 2018	-527	-641	-169	-1,779	-3,116
Amortization charge for the year	-33	-64	-116	-236	-449
Derecognition	297	0	32	51	381
Reclassifications	0	0	0	-7	-7
As of 31 December 2019	-263	-705	-253	-1,972	-3,193
Carrying amount as of 31 December 2018	153	270	134	596	1,154
Carrying amount as of 31 December 2019	128	214	110	629	1,080

The GSM and UMTS licenses acquisition value include the costs related to the Global System for Mobile communication ("GSM") and Universal Mobile Telecommunication System ("UMTS").

The Group possesses the following licenses:

Year of acquisition	Description	Acquisition value (EUR million)	Net book value	Period	Payment method	Start of Amortization
1998	ILT 2238	2	0	1998 -	completed	01/01/1998
1998	ILT	0	0	1998 -	completed	10/12/1998
2015	900 MHz spectrum	75	15	2015 - 2021	over the period	08/04/2015
2001	UMTS	150	9	2001 - 2021	completed	01/06/2004
2011	4G	20	10	2012 - 2027	completed	01/07/2012
2013	800 Mhz spectrum	120	83	2013 - 2033	over the period	30/11/2013
2014	900 MHz spectrum	16	3	2015 - 2021	over the period	27/11/2015
2019	800 Mhz sepctrum	2	1	2019-2027	bi-annual	01/01/2019
2019	900 MHz spectrum	2	2	2019-2027	bi-annual	01/01/2019
2019	1800 Mhz spectrum	2	2	2019-2027	bi-annual	01/01/2019
2019	2100 Mhz spectrum	2	1	2019-2033	bi-annual	01/01/2019
2019	2600Mhz spectrum	1	1	2019-2027	bi-annual	01/01/2019
Total		391	128			

Intangible assets acquired in a business combination relate to customer bases, trade names and patents recognized mainly as a result of the purchase price allocation performed when the Group acquired control over BICS and TeleSign (see note 8.4).

In 2019 the Group acquired TV rights for an amount of EUR 91 million mainly including broadcasting rights.

Internally generated assets (EUR 166 million) included in the other intangible assets mainly relate to development expenditures for internally developed software (mainly billing an ordering related). The aggregate amount of research expensed for this internally generated software during 2019 amounts to EUR 7 million.

Other intangible additions also included in the other intangible assets (EUR 99 million) contain mainly software development and software licenses.

Note 5. Property, plant and equipment

(EUR million)	Land and buildings	Technical and network equipment	Other tangible assets	Assets under construction	Total
Cost					
As of 1 January 2018	597	10,843	380	9	11,830
Additions	8	646	15	12	681
Acquisition of subsidiary	0	1	2	1	3
Derecognition	-48	-279	-35	0	-362
Reclassifications	0	3	-2	-6	-5
As of 31 December 2018	556	11,214	361	16	12,147
Additions	8	625	16	20	670
Derecognition	-24	-512	-17	0	-553
Reclassifications	5	-5	2	-12	-10
As of 31 December 2019	546	11,321	363	24	12,254
Accumulated depreciation and impairment					
As of 1 January 2018	-324	-8,205	-325	0	-8,853
Depreciation charge for the year	-22	-540	-23	0	-585
Impairment charge	0	-1	-2	0	-2
Acquisition of subsidiary	0	0	0	0	-1
Derecognition	36	278	33	0	347
Reclassifications	0	0	2	0	1
As of 31 December 2018	-310	-8,468	-316	0	-9,093
Depreciation charge for the year	-21	-548	-20	0	-589
Derecognition	19	512	17	0	548
Reclassifications	0	8	-1	0	7
As of 31 December 2019	-311	-8,495	-320	0	-9,127
Carrying amount as of 31 December 2018	247	2,746	45	16	3,054
Carrying amount as of 31 December 2019	234	2,826	42	24	3,127

The investments reflect the Group strategy to invest extensively in order to always better serve its customers. Proximus continued its investments in, among other things, new digital platforms, the ongoing multi-year modernization of its transport network and Fiber for Belgium project. Furthermore, Proximus continued to invest in its mobile network to provide a high-quality mobile service while coping with a continuing increase in data usage.

In 2019, the Group sold buildings and realised a gain on disposal of these buildings of EUR 7 million.

Note 6. Leases

The Group leases several assets including buildings, real estate and facilities to install pylons and mobile communication equipment and fleet. These leases generally have lease terms between 4 and 15 years. The average lease term is 8.5 years.

The carrying amounts of right-of-use assets recognized and the movements during the period are disclosed below (EUR million)

	Buildings	Mobile sites	Fleet	Other	Total
As of 1 January 2019	112	113	50	10	285
New contracts	57	9	28	2	97
Depreciations	-30	-25	-21	-5	-82
Contract modifications/disposals/reassessments	14	-4	-3	0	7
As of 31 December 2019	153	93	54	6	307

New contracts mainly relate to the new lease contract entered in by the Group for the head office in Bertrange -Luxembourg for a duration of 15 years and for which a right of use of EUR 38 million was recognized.

The contract modifications mainly relate to the extension of the leasing contract for the building in Mechelen for a period of 11 years and for which the right of use was increased with 11 million EUR.

The carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Sub-leases	Total
As of 1 January 2019	107	108	50	10	5	280
New contracts	57	9	28	2	0	97
Contract modifications/disposals/reassessments	14	-3	-3	0	0	7
Interest expense	1	1	0	0	0	2
Reimbursements	-31	-25	-21	-5	2	-80
As of 31 December 2019	148	91	54	7	8	307
Current portion						64
Non current portion						243

The maturity analysis of lease liabilities is disclosed in Note 32.

(EUR million)	2019
The following are the amounts recognized in profit or loss:	
Depreciation	-82
Interest expenses	-2
Total	-84
The Group had total cash outflows for leases of	
Repayment of lease liabilities (cash out for financing activities)	-78
Interest expenses (in the operating cash flow)	-2
Total	-80

There are no material cash outflows in 2019 relating to leases that have not commenced on 31 December 2019.

Note 7. Contract cost

The Group recognizes an asset in relation to commissions paid to dealers for the acquisition of post-paid contracts. These costs directly relate to contracts, are incurred only because the Group entered into contracts and are expected to be recovered.

For commissions related to the acquisition of mobile prepaid customers, the Group applies the practical expedient provided for in IFRS 15, allowing to expense as incurred incremental costs to obtain a contract if otherwise would have been deferred over one year or less.

The asset is deferred on a straight-line basis over 3 years for contracts belonging to CBU segment and 5 years for EBU segment. The deferral of these costs is recognized according to their nature being 'cost of material and services related to revenue'.

Movements on contract costs are as follows:

(EUR million)

Balance at 1 January	120	116
Decrease/ Increase in contract assets relating to existing contracts in the opening balance		
Normal evolution	-73	-69
New contract assets	69	67
Balance at 31 December	116	113

The portion of the balance as at 31 December 2019 of the contract costs deferred less than one year and deferred more than one year are as follows:

(EUR million)	As of 31 December	
	2018	2019
Contract costs	116	113
Deferred within 12 months	59	57
Deferred beyond 12 months	57	56

Note 8. Investments in subsidiaries, joint ventures and associates

Note 8.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	2018	2019
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium	Mother company	
Proximus Group Services SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0466.917.220	Belgium (5)	100%	-
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxembourg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931965	Belgium	100%	100%
Proximus Media House (PMH)	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium (7)	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT	Nederland (14)	100%	100%
ION-IP	Vendelier 2C NL-3905 PA Veenendaal	The Netherlands (2) (14)	100%	-
Tango SA	Rue de Luxembourg 177 8077 Bertrange	Luxembourg (8)	100%	-
Proximus Luxembourg SA	18 rue du Puits Romain 8070 Bertrange	Luxembourg (9)	100%	100%
Teletronics SA	2 Rue des Mines 4244 Esch sur Alzette	Luxembourg	100%	100%
Proximus Luxembourg Technology Services BV	Bld du Roi Albert II 27 1030 Bruxelles	Belgium (3)	-	100%
Beim Weissenkreuz SA	Route d' Arlon 81- 83 8009 Strassen	Luxembourg	100%	100%
Proximus Spearit NV	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium	100%	100%
Proximus ICT - Expert Community CVBA	Ferdinand Allenstraat 38 3290 Diest VAT BE 0841396.905	Belgium	81%	81%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861585.672	Belgium	100%	100%
Be-Mobile SA	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0881959.533	Belgium (3) (6)	61%	93%
Be-Mobile Tech NV	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0884.443.228	Belgium (10)	61%	-
Mediamobile Nordic OY	Äyritie 8B 01510 Vantaa, Finland FI23364202	Finland (2)	100%	100%
MEDIAMOBILE S.A.	Rue Camille Desmoulins 41 F-92130 Issy Les Moulineaux	France (2)	100%	100%
Flitsmeister BV	Koningsschoot 45 - Postbus 114 3900 AC Veenendaal	Nederland (2)	61%	93%

Name	Registered office	Country of incorporation	2018	2019
Cascador BVBA	Kardinaal Mercierlaan 1, bus A 9090 Melle VAT BE 0648.964.048	Belgium (4)	-	100%
Scarlet Belgium NV	Carlstraat 2 1140 Evere VAT BE 0447.976.484	Belgium	100%	100%
Clearmedia NV	Zagerijstraat 11 2960 Brecht VAT BE 0831425.897	Belgium	100%	100%
Davinsi Labs NV	Borsbeeksebrug 28/2verd 2600 Antwerpen VAT BE 0550.853.793	Belgium	100%	100%
Unbrace Bvba	Zagerijstraat 11 2960 Brecht VAT BE 0867.696.771	Belgium	100%	100%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor, Lislet, Geoffrey Street Port Louis 112-07	Mauritius (1)	58%	58%
Belgacom International Carrier Services SA	Bld du Roi Albert II 27 1030 Brussels VAT BE 0866.977.981	Belgium (1)	58%	58%
Belgacom International Carrier Services Deutschland GMBH	Taunusanlage 11 60329 Frankfurt am Main	Germany (1)	58%	58%
Belgacom International Carrier Services UK Ltd	Great Bridgewaterstreet 70 M15ES Manchester	United Kingdom (1)	58%	58%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 91 3072 AP Rotterdam	The Netherlands (1)	58%	58%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801Wilmington Delaware	United States (1)	58%	58%
Belgacom International Carrier Services Asia Pte Ltd	16, Collyer Quay # 30.02 Singapore 049318	Singapore (1)	58%	58%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211Lisboa	Portugal (1)	58%	58%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121Milano	Italy (1)	58%	58%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28034 Madrid	Spain (1)	58%	58%
Belgacom International Carrier Services Switzerland AG	Papiermühlestrasse 73 3014 Bern	Switzerland (1)	58%	58%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	58%	58%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	58%	58%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 Tsukiji 4 - Chome - Chuo-ku Tokyo 104-00	Japan (1)	58%	58%

Name	Registered office	Country of incorporation	2018	2019
Belgacom International Carrier Services China Ltd	Hopewell Centre - level 54 183, Queen's road East Hong Kong	China (1)	58%	58%
Belgacom International Carrier Services Ghana Ltd	Box GP 821 Accra	Ghana (1)	58%	58%
Belgacom International Carrier Services Australia Pty Ltd	1M Margaret Street - Level 11 Sydney NSW 2000 Australia	Australia (1) '(3)	-	58%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premises 306 - Floor 03- Building 02 -PO box 502307 Dubai	United Arab Emirates (1)	58%	58%
Belgacom International Carrier Services South Africa Proprietary Ltd	The promenade shop 202 D - Victoria Road Camps Bay 8005	South Africa (1)	58%	58%
Belgacom International Carrier Services Kenya Ltd	LR-N°204861, 1st Floor Block A Nairobi Business Park-Ngong Road PO BOX 10643 - 00100 Nairobi	Kenya (1)	58%	58%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris	France (1)	58%	58%
TeleSign Holdings Agents, Inc	160 Greentree Dr., Ste. 101 Dover, DE 19904	United Kingdom (1) '(2)	58%	58%
TeleSign Corporation	13274 Fiji Way, Suite 600 Marina del Rey, CA 90292	United States (1) '(2)	58%	58%
TeleSign UK	4th Floor 210 High Holborn London WC1V 7DL	United Kingdom (1) '(2)	58%	58%
TeleSign Mobile Ltd	4th Floor 210 High Holborn London WC1V 7DL	United Kingdom (1) '(2)	58%	58%
TeleSign Doo	Tresnjinska ceta 1 11070 Novi Beograd	Serbia (1) '(2)	58%	58%
TeleSign Netherlands B.V.	4th Floor 210 High Holborn London WC1V 7DL	United Kingdom (1) '(2)	58%	58%
TeleSign Singapore Pte. Ltd.	1 Robinson Road, # 17-00 AIA Tower Singapore (048542)	Singapore (1) '(2)	58%	58%
TeleSign Australia Pty Ltd	FDK Laurence Varney Level 12 222 Pitt Street Sydney NSW 2000	Australia (1) '(2) '(11)	58%	-
TeleSign Japan KK	Oak Minami Azabu Building 2F 3-19-23 Minami Azabu Minato-ku, Tokyo 106-0047	Japan (1) '(2) '(12)	58%	-
TeleSign (Beijing) Technology Co., Ltd.	15/F, Office Building A, Parkview Green, 9 Dongdaqiao Road, Chaoyang District Beijing 100020	P.R. China (1) '(2)	58%	58%
TeleSign Hong Kong Ltd	5/F., Heng Shan Centre, 145 Queen's Road East, Wanchai, Hong Kong	Hong Kong (1) '(2) '(13)	58%	-
Codit Holding BVBA	Gaston Crommenlaan 14, box 301 9050 Ledeborg VAT BE 662.946.401	Belgium (2)	100%	100%
Codit BVBA	Gaston Crommenlaan 14, box 301 9050 Ledeborg VAT BE 0471349.823	Belgium (2)	100%	100%
Codit Switzerland AG	Schaffhauserstrasse 374 8050 Zurich VAT CHE-335.776.516	Switzerland (2)	100%	100%

Name	Registered office	Country of incorporation	2018	2019
Codit Integration Ltd.	Landmark House, Station Road RG27 9HA Hook (Hampshire) VAT GB 241578110	United Kingdom (2)	100%	100%
Codit Managed Services BVBA	Gaston Commenlaan 14, box 301 9050 Ledeberg VAT BE 0835.734.875	Belgium (2)	100%	100%
CODIT Mare Limited	International House, Mdina Road Mrieħel, Birkirkara C55412	Malta (2)	100%	100%
Codit Nederland B.V.	Atoomweg 350, 3542AB Utrecht	The Netherlands (2)	100%	100%
Votijit Lda. (Codit Portugal)	Praça Duque de Saldanha 20 1º Dtio. Lisbon NIPC 510.595.251	Portugal (2)	100%	100%
Codit Software Limited	International House, Mdina Road Mrieħel, Birkirkara C64225	Malta (2)	100%	100%
Codit France S.A.S.	Rue de la Michodière 4 75002 Paris VAT FR 0478.300.189	France (2)	100%	100%
AXON Olympus	Atoomweg 350 3542AB Utrecht 6171872	The Netherlands (2)	100%	100%
UMBRIO Holding BV	Patrijsweg 74 NL-2289 EX Rijswijk	The Netherlands (2)	100%	100%
UMBRIO BV	Patrijsweg 74 NL-2289 EX Rijswijk	The Netherlands (2)	100%	100%
UMBRIO Consulting BV	Patrijsweg 74 NL-2289 EX Rijswijk	The Netherlands (2)	100%	100%
UMBRIO University BV	Patrijsweg 74 NL-2289 EX Rijswijk	The Netherlands (2)	100%	100%
MWingz BV	Bld Simon Bolivar 34 1000 Bruxelles VAT BE 0738.987.372	Belgium (3)	-	50%

(1) Entity of BICS Group

(2) Entity acquired in 2018

(3) Entity established in 2019

(4) Entity acquired in 2019

(5) Entity merged into Proximus SA in 2019

(6) See note 8.2

(7) Previously named Skynet iMotion Activities SA

(8) Entity merged with Proximus Luxembourg

(9) Previously named Telindus SA

(10) Entity merged with Be-Mobile SA

(11) Entity merged with Belgacom International Carrier Services Australia Pty Ltd

(12) Entity merged with Belgacom International Carrier Services JAPAN KK

(13) Entity merged with Belgacom International Carrier Services China Ltd

(14) Entity merged with Telindus - ISIT BV

Note 8.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

Only Belgacom International Carrier Services SA (BICS SA) and its subsidiaries have material non-controlling interests.

Detail of non-wholly owned subsidiaries of the Group that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		As of 31 December 2018	As of 1 January 2019	As of 31 December 2019	As of 31 December		As of 31 December	
		2018	2019	2019	2018	2019	2018	2019
BICS (segment)	Belgium	42%	42%	42%	20	19	149	142
Total					20	19	149	142

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests

BICS (segment)								
Current assets		671	671	578				
Non-current assets		752	767	718				
Current liabilities		614	616	556				
Non-current liabilities		205	217	154				
Equity attributable to owners of the company		604	604	586				
Revenue (total)		1,347		1,301				
Expenses (operating)		-1,195		-1,145				
Profit for the year		47		46				
Profit attributable to owners of the company		27		26				
Profit attributable to the non-controlling interests		20		19				
Dividends paid to non-controlling interests		28		29				
Net cash inflow from operating activities		141		105				
Net cash outflow from investing activities		-30		-38				
Net cash inflow / (outflow) from financing activities		-68		-127				
Net cash inflow / (outflow)		44		-60				

BICS shareholder agreement foresees protective rights for the non-controlling interests (see note 2).

Note 8.3. Investments in associates

The Group had a significant influence in the following company:

Name	Registered office	Country of incorporation	Group's participating interests	
			2018	2019
Belgian Mobile ID SA/NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 541.659.084	Belgium	15%	15%
Synductis C.V.BA	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium	17%	17%
Experience@work C.V.BA	Minderbroedersgang 12 2800 Mechelen VAT BE 627.819.632	Belgium	33%	30%
Tessares SA/NV	Avenue Jean Monnet 1 1348 Ottignies-Louvain-la-Neuve VAT BE 600.810.278	Belgium	23%	23%
Co.station Belgium NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 599,786,434	Belgium	20%	20%

Per 31 December 2019 the aggregate information on all individually immaterial associates is as follows :

(EUR million)	2018	2019
Carrying amount	3	2
Loss of continuing operations	-1	-1

Note 8.4. Acquisitions and disposal of subsidiaries, joint ventures and associates

Acquisitions in 2018 (with purchase price allocation finalized in 2019)

Proximus Group finalized in 2019 the purchase price allocation of MediaMobile (acquired on 15th November 2018) which led to a decrease of the goodwill by EUR 4 million, from EUR 15 million as of 31 December 2018 to EUR 11 million.

(EUR million)	MediaMobile	
	Fair value recognised on acquisition	Carrying value
Intangibles	1	1
Non current fixed assets	7	1
Other financial fixed assets	0	3
Deferred income tax assets	6	0
Trade receivables	4	4
Other current assets	1	1
Investments and cash and cash equivalents	1	1
Total assets	20	11
Deferred income tax liabilities	-2	0
Trade payables	-1	-1
Contract liability	-19	0
Other current payables	-2	-2
Total non-controlling interests and liabilities	-25	-4
Net assets acquired	-6	7
Goodwill arising on acquisition	11	
Consideration	5	

The consideration is detailed as follows:

Cash paid to shareholders	5
Consideration	5
The cash outflow on acquisition is as follows:	
Consideration paid	-5
Net cash acquired of the subsidiary	1
Net cash outflow	-5

Acquisitions in 2018

In 2018, Proximus Group has acquired ION-IP, Umbrio, CODIT and MediaMobile.

On March 26, 2018, the Group entered into a purchase agreement to acquire 100% of the shares of ION-IP B.V. The company operates as a Managed Infrastructure Security and Application Performance Provider that supplies integrated solutions to business customers.

On May 31, 2018, the Group entered into a purchase agreement to acquire 100% of the shares of Umbrio Holding B.V. Umbrio is specialized in implementing IT Operation Management platforms providing: consulting and implementation services within the domain of IT Operations and Business Analytics and Application Delivery Management on the basis of the Splunk platform.

On July 12, 2018, the Group entered into a purchase agreement to acquire 100% of the shares of CODIT HOLDING BVBA. CODIT focusses on Application Integration based on Microsoft technologies and is active in 7 countries: Belgium, Netherlands, France, Switzerland, United Kingdom, Portugal and Malta.

On November 15, 2018, the Group entered into a purchase agreement to acquire 100% of the shares of MediaMobile SA (French Société Anonyme). Main activity is to sell its RTTI licenses to Automotive and PND Manufacturers.

The acquisition price paid for those entities amounts to EUR 55 million and has led, after provisional purchase price allocation, to a goodwill of EUR 38 million. A contingent consideration of maximum EUR 11 million, of which EUR 4 million has been paid on an escrow account, is subject to further conditions and will become due upon realization of those conditions. Cash acquired at acquisition date from those companies amounts to EUR 5 million.

Furthermore, contingent payments which are considered as compensation for post-combination services, are recognized as post-combination remuneration expense and are not included in the consideration paid and thus not in the goodwill. These contingent payments are recognized linearly over the vesting period as long as it is probable that the employment KPI (and performance conditions, if any) will be met. Total amount of those compensations relating to the 2018 acquisitions amounts to EUR 16 million of which EUR 6 million has been paid on an escrow account.

Acquisition costs expensed amounted to EUR 1 million.

The provisional purchase price allocation of the entities has led to the recognition of following intangibles assets:

- Brand name: EUR 18 million
- Customer relationship: EUR 8 million

For MediaMobile, the purchase price allocation is provisional end of 2018 and, based on a preliminary estimation of the duration of the period over which the entity has enforceable obligations to deliver its services, a contract liability of EUR 6 million has been recognized, for IFRS 15 purposes.

There are no other fair value adjustments performed other than the recognition of the intangible assets and the alignment of the revenue recognition criteria for MediaMobile, as the carrying values, as noted below, represent the fair value (and related deferred taxes).

The table below includes the fair value recognized on the acquisition of ION IP B.V., Umbrio Holding B.V, Codit Holding BVBA. It includes also the provisional purchase price allocation of MediaMobile per December 2018.

(EUR million)	Fair value recognised on acquisition
Intangibles	26
Non current fixed assets	1
Deferred income tax assets	1
Trade receivables	10
Other current assets	6
Investments and cash and cash equivalents	5
Total assets	50
Non-current interest-bearing liabilities	-4
Deferred income tax liabilities	-7
Trade payables	-5
Income tax payables	-2
Contract liability	-5
Other current payables	-10
Total non-controlling interests and liabilities	-33
Net assets acquired	17
Consideration	55
Goodwill arising on acquisition	38

Note 9. Equity investments

At 31 December 2019 and 2018, the group held participating interests in non-quoted companies, the fair value of which was inferior to € 1 million.

These interests are classified at FVTOCI as they are not held for a purpose of trading but acquired with a long-term strategic view and not with the purpose to realize gains.

Note 10. Income taxes

Gross deferred income tax assets / (liabilities) relate to the following:
(EUR million)

	As of 31 December	
	2018	2019
Accelerated depreciation	-16	-38
Fair value adjustments on acquisition	-60	-48
Statutory provisions not retained under IFRS	-5	-5
Remeasurement of financial instruments to fair value	-1	-1
Deferred taxation on sales of property, plant and equipment	-8	-11
Deferred taxation on contract assets & contract costs	-52	-48
Other	-2	-3
Gross deferred income tax liabilities	-145	-154
Fair value adjustment on fixed assets	17	15
Asset for post-employment, termination and other benefits	26	26
Tax losses carried forward	5	5
Provisions for liabilities and charges	18	12
Other	1	1
Gross deferred income tax assets	66	60
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-91	-110
Net deferred income tax asset	12	16

The movements in 2019 of the deferred tax position are as follows
(EUR million)

As of 31 December 2018	-79
Decrease as the result of the purchase price allocation	2
Decrease recognized through other comprehensive income	4
Increase recognized in income statement	-22
As of 31 December 2019	-95

The movements in 2018 of the deferred tax position are as follows
(EUR million)

As of 1 January 2018	-102
Increase as the result of the purchase price allocation	1
Decrease recognized through other comprehensive income	8
Decrease recognized in income statement	15
As of 31 December 2018	-79

The 2019 deferred tax expense in the income statement is mainly the consequence of the annual declining depreciation method applied by Proximus SA in BGAAP on the tangible assets and broadcasting intangible assets acquired in 2018 and 2019. This expense is partially offset by the decrease of the deferred tax liability on fair value adjustments on acquisitions.

The deferred income tax assets on fair value adjustment of fixed assets relate mainly to the elimination of the gain resulting from the intercompany sale at fair value of certain fixed assets.

Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses carried forward and tax deductions available for such companies amounted to EUR 35 million at 31 December 2019 (EUR 56 million in 2018) of which EUR 32 million has no expiration date and EUR 3 million has an expiration date after 2021.

In the income statement, deferred tax income/ (expense) relate to the following:

(EUR million)	Year ended 31 December	
	2018	2019
Accelerated depreciation	-10	-23
Fair value adjustments on acquisition	15	15
Remeasurement of financial instruments to fair value	2	-1
Deferred taxation on sales of property, plant and equipment	-2	-3
Fair value adjustment on fixed assets	-2	-2
Asset for post-employment, termination and other benefits	11	-5
Tax losses carried forward	-1	-2
Contract assets and contract cost	4	1
Other	0	-3
Deferred tax expense of the year	15	-22

The consolidated income statement includes the following tax expense:

(EUR million)	As of 31 December	
	2018	2019
Current income tax		
Current income tax expense	-206	-93
Deferred income tax	15	-22
Income tax expense reported in consolidated income statement	-191	-116

The reconciliation of income tax expense at the statutory income tax rate to income tax expense at the group's effective income tax rate for each of the two years ended is as follows:

(EUR million)	As of 31 December	
	2018	2019
Income before taxes	721	508
At Belgian statutory income tax rate of 29.58%	213	150
Lower income tax rates of other countries	-2	-2
Effect of reduction in income tax rates on closing balance of deferred income tax	-3	-13
Non-taxable income from subsidiaries	-27	-27
Non-deductible expenditures for income tax purposes	15	13
Other	-6	-6
Income tax expense	191	116
Effective income tax rate	26.44%	22.80%

The 2019 effective income tax rate amounts to 22.80% which is lower compared to the effective income tax rate of 26.44% in 2018. This mainly results from the cost of the restructuring program reducing the income tax base and the positive impact of the decrease of the Belgian corporate tax rate as from 2020 on the deferred tax balance in caption "effect of reduction in income tax rates on closing balance of deferred income tax".

The non-taxable income from subsidiaries mainly relates to the application of general principles of tax law such as the patent income deduction applicable in Belgium.

The 2019 non-deductible expenditures for income tax purposes primarily relate to various expenses that are disallowed for tax purposes.

The caption “other” include mainly other R&D tax incentives and minor prior year tax adjustments.

Note 11. Assets and liabilities for pensions, other post-employment benefits and termination benefits

The Group has several plans that are summarized below:

(EUR million)	As of 31 December	
	2018	2019
Termination benefits and additional compensations in respect of restructuring programs	192	447
Defined benefit plans for complementary pension plans (net liability)	65	46
Post-employment benefits other than pensions	347	371
Net liability recognized in the balance sheet	605	864
Net liability (current)	52	225
Net liability (non-current)	552	639

The calculation of the liability is based on the assumptions established at the balance sheet date. The assumptions for the various plans have been determined based on both macro-economic factors and the specific terms of each plan relating to the duration and the beneficiary population.

The discount rate used for the valuation of pension plans, other post-employment benefit plans and termination benefits is based on the yield of Eurozone high quality corporate bonds with a duration matching the duration of such plans.

Note 11.1. Termination benefits and additional compensations in respect of restructuring programs

Termination benefits and additional compensations included in this chapter relate to employee restructuring programs. No plan assets are accumulated for these benefits.

In 2007, the Group implemented a voluntary external mobility program to the Belgian State for its statutory employees and a program for unfit statutory employees. Under the terms of this plan, the Group will pay benefits until retirement date of the participant.

In 2016, the Group implemented a voluntary leave program allowing for early termination from the age of 60 (or 58 for a small group). Under the terms of this plan, the Group will pay benefits until the earliest retirement date of the participant. The part of the plan conditional to future service being provided was recognized over that period of future service that ended at 31 December 2019.

In 2019, Proximus launched its #shifftodigital strategy, accelerating its transformation to remain relevant and be more efficient on the Belgian market to secure the company’s future. The focus is a real shift to become a customer-centric digital company. An analysis based on the company’s future challenges has led to the identification of areas of activity that either are being modified or that are disappearing. As a consequence, 1300 functions were identified as being redundant. The implementation started in November 2019 and all employees including those impacted by the plan have been informed beginning of December 2019. Most employees impacted opted for a voluntary leave end of February 2020. In the event there are still functions in excess, a formal process has been defined to define which employee will be confirmed or not.

The provision for termination benefits (EUR 288 million) has been entirely booked in 2019 as a result of a detailed and formal communication to those affected by the plan and as these benefits were not conditional to future service.

The employees impacted can opt for a voluntary leave end of February 2020.

Any subsequent re-measurement of the liability for termination benefits and additional compensations is recognized immediately in the income statement.

The funded status of the plans for termination benefits and additional compensations is as follows :

(EUR million)	As of 31 December	
	2018	2019
Defined Benefit Obligation	192	447
Benefit obligation in excess of plan assets	192	447

The movement in the net liability recognized in the balance sheet is as follows :

	As of 31 December	
	2018	2019
At the beginning of the year	189	192
Total expense for the period	41	306
Actual employer contribution	-39	-51
At the end of the year	192	447

The liability for termination benefits and additional compensations was determined using the following assumptions:

(EUR million)	As of 31 December	
	2018	2019
Discount rate	0.00%	0.00%
Future price inflation	2.00%	2.00%

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR 1 million.

The Group expects to pay an amount of EUR 211 million for termination benefits and additional compensations in 2020. The payments in 2019 amounted to EUR 51 million.

Note 11.2. Defined contribution and benefit plans for complementary pensions

Defined benefits plans

Proximus SA and some of its Belgian subsidiaries offer defined benefit pension plans for their employees. These plans provide pension benefits, for services as of 1 January 1997 at the earliest. They provide benefits based on salary and years of service. They are financed through the Proximus Pension Fund, a legally separate entity created in 1998 for that purpose.

The financing method is intended to finance the current value of future pension obligations (defined benefit obligation – DBO) relating to the years of service already rendered in the company and taking into account future salary increase. The financing method is derived from calculations under IAS 19. The annual contribution is equal to the sum of the service cost, the net financial cost (interest cost on DBO minus the expected return on assets) and the amortization of the difference between the assets and the DBO exceeding 10% of the higher of the DBO or the assets.

At 31 December 2019, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an

additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension regulation and applicable law regarding actuarial assumptions.

As for most of defined benefit plans, the pension cost can be impacted (positively or negatively) by parameters such as interest rates, future salary increases and inflation. These risks are not unusual for defined benefit plans.

For the complementary defined benefit pension plan, actuarial valuations are carried out at 31 December by external independent actuaries. The present value and the current service cost and past service cost are measured using the projected unit credit method.

The funded status of the pension plans is as follows :

(EUR million)	As of 31 December	
	2018	2019
Defined Benefit Obligation	670	776
Plan assets at fair value	-605	-729
Deficit	65	46

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2018	2019
Current service cost - employer	47	48
Net interest	0	1
Past service cost recognized	0	-29
Recognized in the income statement	47	20
Remeasurements		
Actuarial loss from changes in financial assumptions	0	93
Actuarial gains / (losses) arising from experience adjustments	11	-4
Actuarial (gains) / losses related to return on assets, excluding amounts included in net interest expense	25	-79
Recognized in other comprehensive income	35	9
Total	82	29

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	Year ended 31 December	
	2018	2019
At the beginning of the year	29	65
Expense for the period recognized in the income statement	47	20
Remeasurement recognized in other comprehensive income	36	9
Actual employer contribution	-47	-49
Net deficit	65	46

Change in plan assets :

(EUR million)	As of 31 December	
	2018	2019
At the beginning of the year	585	605
Interest income	11	11
Return on assets, excluding amounts included in net interest expense	-25	79
Actual employer contribution	47	49
Benefits payments and expenses	-13	-15
At the end of the year	605	729

Change in the defined benefit obligation :

(EUR million)	As of 31 December	
	2018	2019
At the beginning of the year	614	670
Service cost	47	48
Interest cost	11	12
Past service cost - vested benefits	0	-29
Benefits payments and expenses	-13	-15
Actuarial losses	11	89
At the end of the year	670	776

The past service cost is the change in the present value of the defined benefit obligation as a consequence of the implementation of the 2019 restructuring plan.

The pension liability was determined using the following assumptions :

(EUR million)	As of 31 December	
	2018	2019
Discount rate	1.80%	0.90%
Future price inflation	2.00%	1.90%
Nominal future salary increase	3.10% - 3.50%	3.10% - 3.40%
Nominal future baremic salary increase	3.00% - 3.15%	3.00% - 3.05%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The pension liability is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 15.54 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation and real salary increase. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 8% to 9%.

If the inflation rate increases (or decreases) by 0.25%, the defined benefit obligation would increase (or decrease) by around 3%. If the real salary increases (decreases) by 0.25%, the defined benefit obligation would increase (decrease) by around 7%.

The assets of the pension plans are detailed as follows:

(EUR million)	As of 31 December	
	2018	2019
Equity instruments	42.4%	45.8%
Debt instruments	40.0%	37.7%
Convertible bonds	6.8%	6.0%
Other (property, infrastructure, Private equity funds, insurance deposits)	10.9%	10.5%

The actual return on plan assets is as follows:

(EUR million)	As of 31 December	
	2018	2019
Actual return on plan assets	-14	91

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (15.54 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2019 the portfolio was invested by about 45.8% in listed equities (in Europe, US and Emerging Markets), about 37.7% in fixed income (government bonds, corporate bonds, and senior loans) and about 6.0% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity, European non-listed real estate and cash. The actual implementation of the investments is outsourced to specialized asset managers.

Nearly all investments are done via mutual investment funds. Direct investments amount for less than 1% of the assets. Equity instruments, debt instruments and convertible bonds have quoted prices in active markets. The other assets, amounting for 10.5% of the portfolio are not quoted. The Pension Fund does not directly invest in Proximus shares or bonds, but it is not excluded that some Proximus shares or bonds are included in some of the mutual investment funds in which we invest.

The Pension Fund wants to promote the concept of corporate social responsibility among its asset managers. It has therefore drawn up a "Memorandum on Corporate Social Responsibility" defining its policy in this area, in order to encourage them to take these aspects into account in their management decisions.

The Group expects to contribute an amount of EUR 52 million to the Proximus Pension Fund in 2020.

In addition to the defined benefit plan described here above the Group operates two defined benefit plans with a limited amplitude. They present a DBO equal to the plan assets (EUR 8 million each).

Defined contribution plans

The Group has some plans based on contributions for qualifying employees.

For the plans operated abroad, the Group does not guarantee a minimum return on the contribution.

For those operated in Belgium a guaranteed return is provided.

All plans (operated in Belgium and abroad open and closed) are not material at Group level and do not present any net liability material for the Group.

Note 11.3. Post-employment benefits other than pensions

Historically, the Group grants to its retirees post-employment benefits other than pensions in the form of socio-cultural aid premium and other social benefits including a subsidized hospitalization plan. There are no plan assets for such benefits.

The subsidy to the hospitalization plan is based on an indexed fixed amount per beneficiary.

The funded status of the plans is as follows :

(EUR million)	As of 31 December	
	2018	2019
Defined Benefit Obligation	347	371
Net liability recognized in the balance sheet	347	371

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2018	2019
Current service cost - employer	4	4
Interest cost	5	5
Expense recognized in the income statement, before curtailment, settlement and special termination benefits	10	10
Curtailment or settlement gain and past service cost	0	-6
Recognized in the income statement	10	4
Remeasurements		
Actuarial losses from changes in financial assumptions	0	33
Effect of experience adjustments	1	0
Recognized in other comprehensive income	1	33
Total	11	37

The past service cost is the change in the present value of the defined benefit obligation as a consequence of the implementation of the 2019 restructuring plan.

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	As of 31 December	
	2018	2019
At the beginning of the year	350	347
Expense for the period recognized in the income statement	10	4
Remeasurement recognized in other comprehensive income	1	33
Actual employer contribution	-13	-13
At the end of the year	347	371

The liability for post-employment benefits other than pensions was determined using following assumptions :

	As of 31 December	
	2018	2019
Discount rate	1.60%	0.85%
Future cost trend (index included)	2.00%	1.90%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The liability for post-employment benefits other than pensions is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 15.10 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation, future cost trend and mortality. The sensitivity analysis has been performed based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the defined benefit obligation would decrease (or increase) by around 7% to 8%.

If the future cost trend increases (or decreases) by 1%, the defined benefit obligation would increase (or decrease) by around 14% to 17%.

If a 1-year age correction would be applied to the mortality tables, the defined benefit obligation would change by around 4%.

The Group expects to contribute an amount of EUR 15 million to these plans in 2020.

Note 11.4. Other liabilities

The Group participates in a State Defined Benefit plan. On 31 December 2003, Proximus transferred to the Belgian State its legal pension obligation for its statutory employees and their survivors, in exchange of a payment of EUR 5 Billion to the Belgian State. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 and included an annual compensation mechanism to off-set certain future increases or decreases in the Belgian State's obligations as a result of actions taken by Proximus. Following a change in law (Program Law of 25 December 2017), as from 2018, the obligation to off-set stopped for the Belgian State.

Note 12. Other non-current assets

(EUR million)	Note	As of 31 December	
		2018	2019
Other derivatives	32.1	5	5
Other financial assets			
Other financial assets at amortized cost		30	26
Total		35	31

Other financial assets decreased by EUR 4 million following the transfer of a receivable from long-term to short-term.

Note 13. Inventories

(EUR million)	As of 31 December	
	2018	2019
Raw materials, consumables and spare parts	34	36
Work in progress and finished goods	26	25
Goods purchased for resale	69	72
Total	129	133

Inventory is reported net of allowances for obsolescence.

Note 14. Trade receivables and contract assets

14.1 Trade receivables

(EUR million)	As of 31 December	
	2018	2019
Trade receivables	1,042	985
Trade receivables - gross amount	1,149	1,084
Loss allowance	-107	-99

Trade receivables are amounts due by customers for goods sold or services performed in the ordinary course of business. Most trade receivables are non-interest bearing and are usually on 30-90 days terms. Terms are somewhat longer for the receivables of the International Carrier Services segment (ICS), since major part of its trade receivables relates to other Telco operators. Given the bilateral nature of ICS business, netting practice is very common, but this process can be quite long. The related netting agreements are not legally enforceable.

For non-ICS business, the netting payment is also applied with some other telecom operators.

Trade receivables are recognized initially, when they are originated, at contract price. The group holds the trade receivables with the objective to collect the contractual cash flows and measures them subsequently at amortized cost using the effective interest method.

For the years presented, no trade receivables were pledged as collaterals. In 2019, Proximus Group received bank and parent guarantees of EUR 6 million (in 2018, EUR 6 million) as securities for the payment of outstanding invoices.

14.2 Contract assets

(EUR million)	As of 31 December	
	2018	2019
Contract assets gross	88	103
Settled after 12 month of the reporting period	64	73
Settled within 12 month of the reporting period	24	30
Loss allowance	-5	-6
Contract assets net	83	97

The evolution of the gross amount of the contract assets during the year, can be explained as follows:

(EUR million)	2018	2019
Balance at 1 Jan	83	88
Decrease in contract assets relating to existing contracts in the opening balance	-88	-96
Normal evolution	-77	-83
Anticipated termination	-11	-13
New contract assets	93	111
Balance at 31 Dec	88	103

14.3 Loss allowance on trade receivables and contract assets

The group applies the IFRS 9 simplified approach for measuring the expected credit losses. This² approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets of CBU and EBU segments have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to a right to consideration in exchange of goods and services that have already transferred and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables of the CBU and EBU segments are a reasonable approximation of the loss rates for the contract assets. These expected loss rates correspond to historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For the ICS segment expected credit losses for trade receivables have been determined on individual basis considering different factors determining a credit scoring such as micro and macro-economic criteria as well as credit rating, country risk, customer history, possible compensation in order to net the risk and other internal and external sources.

The analysis of trade receivables that were past due but not impaired is as follows:

As of 31 December					Past due					
(EUR million)	Gross receivables / contract assets	Loss allowance	Net carrying amount	Not past due	< 30 days	30-60 days	60-90 days	90-180 days	180-360 days	> 360 days
Trade receivables										
2017	1,222	-111	1,111	657	134	55	40	61	71	93
2018	1,149	-107	1,042	616	128	46	38	63	50	101
2019	1,084	-99	985	569	100	41	29	58	63	126
2019 % loss allowance on trade receivables			9%	1%	2%	3%	5%	10%	11%	37%
The loss allowance on contract assets was as follow :										
Contract assets	103	-6	97	97						
2019 % loss allowance on contract asset			6%	6%						

The closing loss allowances for trade receivables and contract assets as at 31 December 2019 reconciles to the opening loss allowances as follows:

The evolution of the allowance for doubtful debtors is as follows:

(EUR million)	Trade receivable	Contract costs	Total
As of 31 December 2018	107	-5	102
Increase in loss allowance through income statement	-4	-1	-5
Receivables written off as uncollectible	-4	0	-4
As of 31 December 2019	99	-6	93

Note 15. Other current assets

(EUR million)	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	As of 31 December 2019 IFRS 16
VAT receivables	11	11	10
Prepaid expenses	112	102	102
Accrued income	3	3	1
Other receivables	26	26	20
Total	152	142	134

Prepaid expenses in relation with lease contracts are deducted from the lease liability under IFRS 16.

Note 16. Investments

(EUR million)	Note	As of 31 December 2018	2019
Term account at amortized costs	32.4	4	3
Total		4	3

Investments include deposits with an original maturity greater than three months but less than one year.

Note 17. Cash and cash equivalents

(EUR million)	Note	As of 31 December 2018	2019
Term account at amortized costs	32.4	40	13
Cash at bank and in hand	32.4	300	310
Total		340	323

Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements of the Group, and earn or pay interest at the respective short-term deposit rates. Interest rates applied on cash with banks are floating as corresponding to the daily bank deposit rates.

The cash and cash equivalents are held with banks and financial institutions counterparties with a high long-term credit rating between A- and A+ with a minimum of A-. Therefore, the expected credit loss on cash and cash equivalents is deemed immaterial.

Note 18. Equity

Note 18.1 Shareholders' equity

At 31 December 2019, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Commercial Companies Code. The Board of Directors is empowered by article 13 of the Articles of Association to acquire the maximum number of own shares permitted by law. The price paid for these shares must not be more than five percent above the highest closing price in the thirty-day trading period preceding the transaction nor more than ten percent below the lowest closing price in that same thirty-day period. Said authorization is granted for a period of five years as of 20 April 2016. Distribution of retained

earnings of Proximus SA, the parent company, is limited by a restricted reserve built up in prior years in accordance with Belgian Company Law up to 10% of Proximus' issued capital.

Proximus SA has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as workforce expenses.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law reforming certain economic public companies, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning the corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease their participation below 50%. The General Shareholders Meeting of 2016 decided to change the bylaws in order to incorporate the amendments made to the 1991 Law.

On 31 December 2019, the number of treasury shares amounts to 15,042,626 of which 923,377 entitled to dividend rights and 14,119,249 without dividend rights. Dividends allocated to treasury shares entitled to dividend rights are accounted for under the caption "Reserves not available for distribution" in the statutory financial statements of Proximus SA.

In 2019 and 2018, the Group sold respectively 3,033 and 14,431 treasury shares to its senior management for less than EUR 1 million under share purchase plans at a discount of 16.70% (see note 35).

During the years 2019 and 2018, employees exercised respectively 109,751 and 38,397 share options. In order to honor its obligation in respect of these exercises, Proximus used treasury shares (see note 35).

In 2019 and 2018, no share options were granted by the Group to its key management and senior management.

Number of shares (including treasury shares):	2018	2019
As of 1 January	338,025,135	338,025,135
As of 31 December	338,025,135	338,025,135
Number of treasury shares:	2018	2019
As of 1 January	15,386,146	15,321,318
Sale under a discounted share purchase plan	-14,431	-3,033
Sale of treasury shares	-12,000	-165,908
Exercise of stock option	-38,397	-109,751
As of 31 December	15,321,318	15,042,626

Note 18.2 Non-controlling interests

Non-controlling interests include the 42.4% of the minority shareholders (Swisscom and MTN Dubai) into BICS as from 1 January 2010.

In 2019, the Group acquired all the remaining Be-Mobile non-controlling interests through the exercise of the put option that had been granted on these shares for an amount of EUR 37 million. In a second step the Group sold 7.26% of the shares to non-controlling interests (for EUR 7 million) on which it granted a put option (together with a new shareholder's agreement) resulting in a negative impact on equity of EUR 6 million.

The Group was granted call options on these 7.26% non-controlling shares. These options can be exercised under the same conditions and for the same price.

The Group has recorded gross debt up to the expected exercise price of the PUT option. This financial instrument is valued at the FVTPL.

Note 19. Interest-bearing liabilities

Note 19.1 Non-current interest-bearing liabilities

(EUR million)	Note	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	As of 31 December 2019 IFRS 16
Unsubordinated debentures		1,852	1,852	1,953
Leasing and similar obligations		4	216	243
Credit institutions		403	403	402
Derivatives held for trading	32.1	4	4	5
Total		2,263	2,475	2,603

On 27 February 2019, Proximus entered into an agreement with an institutional investor to issue a new EUR 100 million private bond note starting 8 March 2019 and maturing in September 2031 with an annual fixed coupon of 1.75%.

In March 2018, the European Investment Bank (EIB) granted Proximus S.A. a EUR 400 million loan for the further roll-out and upgrading of its fixed broadband infrastructure in Belgium. The loan has a duration of 10 years.

All long-term debt is unsecured. During 2019 and 2018 there have been no defaults or breaches on loans payables.

Over the two years presented, an interest rate and currency swaps (IRCS) was used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swaps enabled the Group to transform the interest rate on these debentures which are fully hedged economically, from a fixed interest rate to a floating interest rate and converting the remaining liability in JPY into fixed rate liability in EUR (see note 32).

Unsubordinated debentures in EUR and in JPY are issued by Proximus SA. The capital is repayable in full on the maturity date.

Non-current interest-bearing liabilities as of 31 December 2019 under IFRS 16 are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
(EUR million)	(EUR million)				(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.44%	-0.44%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	598	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	495	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
Leasing and similar obligations							
<u>Under IFRS16</u>							
EUR	243	255	Amortized cost	May-23 (c)	Different patterns (d)	1.29%	1.29%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	2	2	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Derivatives							
Derivatives held-for-trading	5		Fair value				
Total - under IFRs 16	2,603	2,618					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2019

(c) : average duration

(d) : monthly, quarterly, half yearly, yearly

Non-current interest-bearing liabilities as of 31 December 2018, under IAS 17 and IFRS 16, are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
(EUR million)	(EUR million)				(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.42%	-0.42%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	597	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	495	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
Leasing and similar obligations							
<u>Under IAS 17</u>							
EUR	4	4	Amortized cost	2022	Quarterly	3.75%	3.75%
<u>Under IFRS 16</u>							
EUR	216	226	Amortized cost	May-23 (c)	Different patterns (d)	1.29%	1.29%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	3	3	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Derivatives							
Derivatives held-for-trading	4		Fair value				
Total - under IAS 17	2,263	2,268					
Total - under IFRS 16	2,475	2,491					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2018

(c) : average duration

(d) : monthly, quarterly, half yearly, yearly

Note 19.2 Current interest-bearing liabilities

(EUR million)	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	As of 31 December 2019 IFRS 16
Current portion of amounts payable > 1 year			
Leasing and similar obligations	2	64	64
Credit institutions	1	1	1
Other financial debts			
Other loans	232	232	156
Total	234	297	220

The tables below detail the current portion of the unsubordinated debentures maturing within one year.

Current interest-bearing liabilities as of 31 December 2019 under IFRS 16 are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)					
Current portion of interest-bearing-liabilities > 1 year							
Leasing and similar obligations							
<u>Under IFRS16</u>							
EUR	64	64	Amortized cost		Different patterns (a)	1.29%	1.29%
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Total - under IFRS 16	64	65					

(a) : monthly, quarterly, half yearly, yearly

Current interest-bearing liabilities as of 31 December 2018, under IAS 17 and IFRS 16, are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)					
Current portion of interest-bearing-liabilities > 1 year							
Leasing and similar obligations							
<u>Under IAS 17</u>							
EUR	2	2	Amortized cost	2021	Quarterly	3.75%	3.75%
<u>Under IFRS16</u>							
EUR	64	65	Amortized cost		Different patterns (a)	1.29%	1.29%
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Total - under IAS 17	3	3					
Total - under IFRS 16	65	66					

(a) : monthly, quarterly, half yearly, yearly

Note 19.3 Information about the Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	Cash Flows	Non-cash changes	As of 31 December 2019
Long-term					
Unsubordinated debentures	1,852	1,852	100	2	1,953
Credit institutions	403	403	-1	0	402
Derivatives held for trading	4	4	0	0	5
Current portion of amounts payable > one year					
Credit institutions held to maturity	1	1	0	0	1
Other loans	232	232	-76	0	156
Total liabilities from financing activities excluding lease liabilities	2,492	2,492	23	2	2,517
Lease liabilities current and non current	5	280	-78	104	307
Total liabilities from financing activities including lease liabilities	2,497	2,772	-55	106	2,824

Note 20. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Other risks	Total
As of 1 January 2018	32	24	28	56	140
Additions	2	3	0	19	24
Utilisations	-2	-1	0	-9	-12
Withdrawals	0	-4	-1	-3	-9
As of 31 December 2018	31	22	27	63	142
Additions	0	2	0	22	24
Utilisations	-2	-1	0	-7	-10
Withdrawals	0	-5	-10	-7	-22
Unwinding	0	0	0	2	3
As of 31 December 2019	29	19	17	73	137

The provision for workers' accidents relates to compensation that Proximus SA could pay to members of personnel injured (including professional illness) when performing their job and on their way to work. Until 31 December 2002, according to the law of 1967 (public sector) on labour accidents, compensation was funded and paid directly by Proximus. This provision (annuities part) is based on actuarial data including mortality tables, compensation ratios, interest rates and other factors defined by the law of 1967 and calculated with the support of a professional insurer. Considering the mortality table, it is expected that most of these costs will be paid out until 2062.

As from 1 January 2003, contractual employees are subject to the law of 1971 (private sector) and statutory employees remain subject to the law of 1967 (public sector). For both the contractual and statutory employees, Proximus is covered as from 1 January 2003 by insurance policies for workers' accidents and therefore will not directly pay members of personnel.

The provision for litigation represents management's best estimate for probable losses due to pending litigation where the Group has been sued by a third party or is subject to a judicial dispute. The expected timing of the related cash outflows depends on the progress and duration of the underlying judicial procedures.

The provision for illness days represents management's best estimate of probable charges related to the granting by Proximus of accumulating non-vesting illness days to its statutory employees. In 2016 this provision decreased as a consequence of the voluntary early leave plan.

The provision for other obligations per end of 2019 mainly includes the expected costs for dismantling and restoration of mobile antenna - environmental risks and sundry risks. It is expected that most of these costs will be paid during the period 2020-2049. The provision for restoration costs is estimated at current prices and discounted using a discount rate of 0.9% based on the expected timing to settle the obligation.

Note 21. Other non-current payables

(EUR million)	As of 31 December	
	2018	2019
Other non-current payables -trade	126	114
Other non-current payables- non trade	6	12
Total	132	127

Non-current payables-trade include licenses (see note 4), broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 3 years).

Note 22. Other current payables and contract liabilities

(EUR million)	As of 31 December	
	2018	2019
VAT payables	8	9
Payables to employees	99	115
Accrual for holiday pay	86	86
Accrual for social security contributions	49	51
Advances received on contracts	9	18
Other taxes	93	103
Deferred income	54	43
Accrued expenses	26	26
Other debts	100	40
Subtotal Other current payables	526	490
Contract Liability	109	116
Total	635	606

Contract liabilities comprise the Group's obligation to transfer goods or services in the future to a customer for which the Group has received consideration from the customer or the amount is due.

Note 23. Revenue

Net revenue corresponds to the revenue from contracts with customers. The group derives revenue from the transfer of goods and services over time and at a point in time as follows:

(EUR million)	Year ended 31 December	
	2018	2019
Revenue recognized at one point in time	612	544
Revenue recognized over time	5,152	5,094
Total	5,764	5,638

The disaggregation of revenue is disclosed in the consolidated management report under section management comment.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

(EUR million)	Expected timing of recognition		
	2020	2021	> 2021
Transaction price allocated to performance obligations that are unsatisfied at reporting date	193	54	14

Note 24. Other operating income

(EUR million)	Year ended 31 December	
	2018	2019
Gain on disposal of intangible assets and property, plant and equipment	22	8
Gain on disposal of financial fixed assets	0	5
Miscellaneous re invoicing and recovery of expenditures	39	41
Other income	4	5
Total	65	59

The Group realized a gain on disposal of buildings of EUR 7 million in 2019 and EUR 22 million in 2018. The cash received from disposals amounts to EUR 13 million in 2019 and EUR 37 million in 2018.

“Miscellaneous re invoicing and recovery of expenditures” includes compensation for network damages (EUR 10 million in 2019 and EUR 9 million in 2018) as well as employee and third-party contributions for sundry services.

Note 25. Costs of materials and services related to revenue

(EUR million)	Year ended 31 December	
	2018	2019
Purchases of materials	477	443
Purchases of services	1,649	1,574
Total	2,126	2,018

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 54 million in 2019 and of EUR 53 million in 2018.

Note 26. Workforce expenses

(EUR million)	Year ended 31 December	
	2018	2019
Salaries and wages	705	705
Social security expenses	176	177
Pension costs	44	19
Post-employment benefits other than pensions and termination benefits	49	306
Other workforce expenses	272	269
Total	1,245	1,477

Workforce expenses are expenses related to own employees as well as to external working parties (included in other workforce expenses).

Salaries and wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 133 million in 2019 and EUR 131 million in 2018.

Post-employment benefits other than pensions and termination benefits include amongst others the impact of the transformation plan launched in the context of the #shifftodigital strategy in 2019 and in particular the cost for termination benefits (EUR 288 million) reduced by the resulting impacts (gain) on other post-employment benefit (EUR 6 million) and sickness days provision (EUR 6 million).

It includes also the impact of the voluntary early leave plan and collective agreement approved by the social partners and the Board of Directors on 27 April 2016 (2018 EUR 36 million and 2019 EUR 14 million). For employees who had opted for the plan but were still active, the cost is spread over their respective activity period, as from the second quarter of 2016. As of end of December 2019 none of the related employees was still active.

The pension cost of 2019 includes a negative past service cost for pension (gain) as a consequence of the transformation plan of EUR 29 million.

The other workforce expenses include external work force and other costs relating to internal workforce (such as Meal vouchers, social activities, workers accident insurance, train tickets for actives).

Note 27. Non-Workforce expenses

(EUR million)	Year ended 31 December	
	2018 IAS 17	2019 IFRS 16
Rent expense	80	n.a.
Service and capacity contracts and non lease components of renting contracts	42	48
Maintenance and utilities	166	163
Advertising and public relations	84	81
Administration, training, studies and fees	141	112
Telecommunications, postage costs and office equipment	38	32
Loss allowance	28	28
Taxes other than income taxes	48	28
Other Non-Workforce expenses	37	35
Total	663	527

Rent expense

With the implementation of IFRS 16 as from 1st January 2019 the expenses relating to the use of the leased assets previously presented in operating expenses (until 2018) are now capitalized as Right of Use assets and depreciated.

Taxes other than income tax: Tax on pylons

The European Court of Justice confirmed in two Proximus cases of December 2015 that a tax on pylons is not, per se, in contradiction with European law.

Proximus continues to file tax complaints and to launch legal proceedings with respect to tax on pylons tax bills received from municipalities and provinces in the three regions based on other arguments.

New evolutions in jurisprudence led the Group to reassess the liabilities related to Taxes on Pylons in 2018. This resulted in a material increase of provisions in 2018. In 2019, there are no material changes in the jurisprudence which should lead to a review of the applied methodology with respect to the accruals. The

position as recognised in the Financial Statements reflects management's best estimate of the probable final outcome.

Note 28. Depreciation and amortization

(EUR million)	Year ended 31 December	
	2018 IAS 17	2019 IFRS 16
Amortization of licenses and other intangible assets	431	449
Depreciation of property, plant and equipment	585	589
Depreciation of right of use	n.a.	82
Total	1,016	1,120

Note 29. Net finance cost

(EUR million)	Year ended 31 December	
	2018	2019
Finance income		
Interest income on financial instruments		
At amortized costs	6	5
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	1	10
Other finance income	2	1
Finance costs		
Interests and debt charges on financial instruments at amortized costs		
Unsubordinated debentures	-40	-40
Lease interests	N/A	-2
Long term payables	-2	-2
Discounting charges		
On provisions	-2	-2
On pensions and other post-employment benefits	-7	-8
Impairment losses		
On associates	0	-2
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	-3	0
Other finance costs	-10	-5
Total	-56	-47

Note 30. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share.

	Year ended 31 December	
	2018	2019
Net income attributable to ordinary shareholders (EUR million)	508	373
Adjusted net income for calculating diluted earnings per share (EUR million)	508	373
Weighted average number of outstanding ordinary shares	322,649,917	322,918,006
Adjustment for share options	85,462	36,696
Weighted average number of outstanding ordinary shares for diluted earnings per share	322,735,379	322,954,702
Basic earnings per share (EUR)	1.58	1.16
Diluted earnings per share (EUR)	1.58	1.16

In 2019 and 2018, all stock options granted were dilutive and hence included in the calculation of diluted earnings per shares.

Note 31. Dividends paid and proposed

	2018	2019
Dividends on ordinary shares:		
Proposed dividends (EUR million)	484	485
Number of outstanding shares with dividend rights	322,703,817	322,982,509
Dividend per share (EUR)	1.5	1.5
Interim dividend paid to the shareholders (EUR million)	161	162
Interim dividend per share (EUR)	0.50	0.50

The proposed dividends for 2018 have been effectively paid in April 2019. The interim dividends for 2019 have been paid in December 2019.

An amount of EUR 2 million was paid in 2019 in relation with the stock options exercised in 2019. That amount was less than EUR 1 million in 2018. This amount corresponds to the accumulated dividends attached to the exercised stock options since their granting.

Note 32. Additional disclosures on financial instruments

Note 32.1. Derivatives

The Group makes use of derivatives such as interest rate swaps (IRS), interest rate and currency swaps (IRCS), forward foreign exchange contracts and currency options.

(EUR million)	Note	2018	2019
Non-current assets			
Derivatives held for trading	12	5	5
Total assets		5	5
Non-current liabilities			
Interest-bearing			
Derivatives held for trading	19	4	5
Total liabilities		4	5

The tables below show the positive and negative fair value of derivatives, included in the balance sheet respectively as current/non-current assets or liabilities.

As of 31 December 2019 (EUR million)	Fair value	
	Asset	Liability
Interest rate and currency swaps	5	
Interests and currency related - other derivatives		-5
Derivatives not qualifying for hedge accounting	5	-5
Total	5	-5

As of 31 December 2018 (EUR million)	Fair value	
	Asset	Liability
Interest rate and currency swaps	5	0
Interests and currency related - other derivatives	0	-4
Derivatives not qualifying for hedge accounting	6	-5
Total	6	-5

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on outstanding JPY 1.5 billion unsubordinated debentures (see note 18).

Forward foreign exchange contracts concerned mainly the forward purchase of USD against EUR for forecasted business transactions, all of which settling before year end 2018.

Note 32.2 Financial risk management objectives and policies

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The main risks arising from the Group's use of financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

All financial activities are subject to the principle of risk minimization. To achieve this, all matters related to funding, foreign exchange, interest rate and counterparty risk management are handled by a centralized Group Treasury department. Simulations are performed using different market (including worst case) scenarios with a view to estimating the effects of varying market conditions. All financial transactions and financial risk positions are managed and monitored in a centralized treasury management system.

Group Treasury operations are conducted within a framework of policies and guidelines approved by the Executive Committee and the Board of Directors. Group Treasury is responsible for implementing these policies. According to the policies, derivatives are used to hedge interest rate and currency exposures. Derivatives are used exclusively as hedging instruments, i.e., not for trading or other speculative purposes. Derivatives used by the Group mainly include forward exchange contracts, interest rate swaps and currency options.

The table below provides a reconciliation of changes in equity and statement of OCI by hedge type for 2019

(EUR million)	Note	Transfer to profit or loss for the period
Amortization of cumulated remeasurements of settled interest rate swap	OCI	1.58
Changes in other comprehensive income in relation with cash flow hedges		1.58

The Group's internal auditors regularly review the internal control environment at Group Treasury.

Interest rate risk

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. Group Treasury manages exposure of the Group to changes in interest rates and the overall cost of financing by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk

minimization and avoidance of volatility in financial results, whilst taking into account market conditions and opportunities as well as overall business strategy.

The tables below summarize the non-current interest-bearing liabilities (including their current portions, excluding leasing and similar obligations) per currency, the interest rate and currency swap agreements (IRCS), and the net obligations of the Group at 31 December 2019 and 2018.

These tables do not consider the loans entered into by the Group subsidiaries, before their acquisition by the Group, for a carrying amount of € 4 million at 31 Dec 2018 and which are amortized progressively.

As of 31 December 2019									
	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,350	1.75%	5				2,350	1.75%	5
Variable				11	-0.52%	7	11	-0.52%	7
JPY									
Fixed	11	5.04%	7	-11	-5.04%	7			
Variable									
Total	2,361	1.77%	5	0			2,361	1.73%	5

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

As of 31 December 2018									
Direct borrowing				IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,250	1.73%	6				2,250	1.73%	6
Variable				11	-0.42%	8	11	-0.42%	8
JPY									
Fixed	11	5.04%	8	-11	-5.04%	8			
Variable									
Total	2,261	1.75%	6	0			2,261	1.72%	6

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

On November 28, 2017 the Group entered into an interest rate swap to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of a highly probable fixed rate long-term debt of EUR 400 million, expected to be issued in the first quarter 2018 and which effectively materialized on March, 15th 2018, when the group entered into a ten year investment loan with the European Investment Bank. The effective portion of changes in the fair value of hedging instruments that are designated in a cash

flow hedge was recognized in other comprehensive income and henceforth are gradually reclassified to profit or loss in the same period as the hedged item.

Foreign currency risk

The Group's main currency exposures result from its operating activities. Such exposure arises from sales or purchases by operating units in currencies other than euro. Transactions in currencies other than euro mainly occur in the International Carrier Services ("ICS") segment, even more so following the recent acquisition of TeleSign. Indeed, international carrier activities generate payments to and receipts from other telecommunications operators in various foreign currencies. Next to these, Proximus as well as a number of its affiliates also engage in international activities (ICT, roaming, capital and operating expenditure) giving rise to currency exposures.

Risks from foreign currencies are hedged to the extent that they are liable to influence the Group's cash flows. Foreign currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) as a rule are not hedged. However, the Group could envisage hedging such so-called translation differences should their potential impact become material to the Group's consolidated financial statements.

The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

In 2019 and 2018, the Group only incurred currency exposures relative to its operating activities. Foreign currency transactions are recognized in functional currency on initial recognition at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at balance sheet date using the exchange rate at that date. The net exchange difference on the translation of these monetary assets and liabilities are recorded via the income statement. However, in a limited number of cases, hedge accounting has been applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/SDR, EUR/GBP, and EUR/CHF, four currency pairs to which it is typically exposed in its operating activities, for the years 2019 and 2018.

Credit risk and significant concentrations of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Proximus in relation to lending, hedging, settlement and other financial activities.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations in relation to each class of recognized financial assets, including derivatives with positive market value, is the carrying amount of those assets in the balance sheet and bank guarantees granted.

To reduce the credit risk in respect of financing activities and cash management of the Group, transactions are only entered into with leading financial institutions whose long-term credit ratings equal at least A- (S&P).

The Group applies the IFRS 9 simplified approach for measuring the expected credit losses for trade receivables and contract assets, meaning the life time expected credit loss. The determination of this loss allowance might be at portfolio or individual level, depending on the assessed risk related to the customer.

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not

material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 14.3) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on short-term bank deposits and financial derivatives (see note 32.1). However, the Group does not anticipate non-performance by any of these counterparties, seeing it only deals with prime financial institutions, makes very limited use of derivatives on debt instruments as shown in table 32.1, and, as a rule, only invests in highly liquid and short-term securities (mainly cash and cash equivalents), for which, seen the excellent rating of the counterparts, the Group do not calculate loss allowances provisions.

Moreover, the Group monitors potential changes in credit risk on counterparties by tracking their external credit ratings on an ongoing basis as well as evolutions in its bank's credit default swap rates (a leading indicator often anticipating on future rating changes).

In addition, the Group is exposed to credit risk by occasionally granting non-recourse bank guarantees in favour of some of its institutional or governmental clients. At 31 December 2019, it had granted bank guarantees for an amount of EUR 44 million and EUR 54 million at 31 December 2018.

Finally, the Group has not pledged any financial assets, nor does it hold any collateral against any of its counterparties.

Liquidity risk

In accordance with the treasury policy, Group Treasury manages its overall cost of financing by using a mix of fixed and variable rate debts.

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus entered into committed bilateral credit agreements with different maturities and into two separate and committed Syndicated Revolving Facilities for a total amount of EUR 700 million. For medium to long-term funding, the Group uses bonds and medium-term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources taking into account its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's unsubordinated debentures as disclosed on note 19 at each reporting date. This maturity profile is based on contractual undiscounted interest payments and capital reimbursements and takes into account the impact on cash flows of interest rate derivatives used to convert fixed interest rate liabilities into floating interest rate liabilities and vice versa. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2019 and 2018, respectively).

(EUR million)	2019	2020	2021	2022	2023	2024-2048
As of 31 December 2018 under IAS 17						
Capital	1	1	1	501	101	1,661
Interests	39	39	39	39	36	83
Total	40	39	39	539	137	1,744
As of 1 January 2019 under IFRS 16						
Capital	60	49	39	529	121	1,747
Interests	41	40	40	40	37	87
Total	101	89	79	569	158	1,834
As of 31 December 2019 under IFRS 16						
Capital		70	55	543	132	1,872
Interests		43	42	42	39	102
Total		112	97	585	171	1,974

Bank credit facilities at 31 December 2019

In addition to the interest-bearing liabilities disclosed in notes 19.1 and 19.2, the Group is backed by committed credit facilities of EUR 700 million. These facilities are provided by a diversified group of Belgian and international banks. As at 31 December 2019, there were no outstanding balances under any of these facilities. A total of EUR 700 million of credit lines was therefore available for drawdown as at 31 December 2019.

The Group also uses a EUR 3.5 billion Euro Medium-term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2019, there was an outstanding balance under the EMTN Program of EUR 1,950 million, whereas the CP Program showed a drawn and outstanding amount of EUR 156 million.

Note 32.3 Net financial position of the Group and capital management

The Group defines the net financial position as the net amount of investments, cash and cash equivalents minus any interest-bearing financial liabilities and related derivatives, including re-measurement to fair value and lease liabilities. The net financial position does not include non-current trade payables.

Adjusted Net Financial Position refers to the total interest-bearing debt (short term + long term) minus cash and cash equivalents, excluding lease liabilities.

(EUR million)	Note	As of 31 December 2018 IAS 17	As per 1 January 2019 IFRS 16	As of 31 December 2019
Investments, Cash and cash equivalents	16 / 17	344	344	327
Derivatives	12	5	5	5
Assets		349	349	332
Non-current liabilities (*)	19.1	-2,263	-2,475	-2,603
Current liabilities (*)	19.2	-234	-297	-220
Liabilities		-2,497	-2,772	-2,824
Net financial position (*)		-2,148	-2,423	-2,492
Of which Leasing liabilities		-5	-280	-307
Adjusted financial position (**)		-2,143	-2,143	-2,185

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

Non-current interest-bearing liabilities include non-current derivatives at net fair value amounting to EUR 1 million in 2019 and 2018 (see note 19.1).

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders. Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Note 32.4 Categories of financial instruments

The Group occasionally uses interest rate (IRS) and/or currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest-bearing liabilities (see note 31.2).

The following tables present the Group's financial instruments per category defined under IAS 39, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2019, the fair value of the unsubordinated debentures, which are accounted for at amortized cost exceeds by EUR 160 million, or 6.8%, their carrying amount.

The fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at 31 December 2019 for similar debentures with the same remaining maturities.

The tables below show the measurement categories under IFRS 9, for each class of assets and financial liabilities, for 2019 and 2018:

As of 31 December 2019 (EUR million)	Note	Classification under IFRS 9 (1)	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Other non-current assets				
Other derivatives	32	FVTPL	5	5
Other financial assets		Amortized cost	10	10
Current assets				
Trade receivables	14	Amortized cost	985	985
Interests bearing				
Other receivables		Amortized cost	7	7
Non-interests bearing				
Other receivables		Amortized cost	3	3
Investments	16	Amortized cost	3	3
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	13	13
Cash at bank and in hand	17	Amortized cost	310	310
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	19	Amortized cost	1,953	2,094
Credit institutions	19	Amortized cost	402	417
Other derivatives	32	FVTPL	5	5
Non interest-bearing liabilities				
Other non-current payables	21	Amortized cost	127	127
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions		Amortized cost	1	1
Interest-bearing liabilities				
Other loans	19	Amortized cost	156	156
Trade payables		Amortized cost	1,284	1,284
Other current payables				
Other debt		FVTPL	6	6
Other amounts payable		Amortized cost	286	286

(1) Categories according to IFRS 9 are as follows :

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Amortized cost

The Group did not reclassify, during the period, financial instruments from one category to another.

As of 31 December 2018 (EUR million)	Note	Classification under IFRS 9 (1)	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Other non-current assets				
Other derivatives	32	FVTPL	5	5
Other financial assets		Amortized cost	11	11
Current assets				
Trade receivables	14	Amortized cost	1,042	1,042
Interests bearing				
Other receivables		Amortized cost	5	5
Non-interests bearing				
Other receivables		Amortized cost	24	24
Investments	16	Amortized cost	4	4
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	40	40
Cash at bank and in hand	17	Amortized cost	300	300
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	19	Amortized cost	1,852	1,959
Credit institutions	19	Amortized cost	403	403
Other derivatives	32	FVTPL	4	4
Non interest-bearing liabilities				
Other non-current payables	21	Amortized cost	132	132
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions		Amortized cost	1	1
Interest-bearing liabilities				
Other loans	19	Amortized cost	232	232
Trade payables		Amortized cost	1,361	1,361
Other current payables				
Other debt		FVTPL	39	39
Other amounts payable		Amortized cost	305	305

(1) New categories according to IFRS 9 are as follows :

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Amortized cost

Note 32.5 Fair value of financial assets and liabilities

Financial instruments measured at fair value are disclosed in the table below according to the valuation technique used. The hierarchy between the techniques reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly;

Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data.

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 financial instruments are:

- Other derivatives in Level 2

Other derivatives include mainly the interest rate swaps and interest rate and currency swaps (IRCS) the Group entered to reduce the interest rate and currency fluctuations on some of its long-term debentures. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.

- Unsubordinated debentures

The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2019 for similar debentures with the same remaining maturities.

The financial instrument classified among the level 3 category is fair valued based on cash outflows in different scenarios, each one being weighted for its chance of occurrence. The weights are either based on statistical data that are very stable over time, either based on Proximus best estimate of the scenario occurrence. The instrument fair value is very depending but proportionate to changes in estimated cash outflows.

As of 31 December 2019		Classification under IFRS 9 (1)	Balance at 31 December 2019	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Other non-current assets						
Other derivatives	32.1	FVTPL	5		5	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	19	Amortized cost	1,953		2,094	
Credit institutions	19	Amortized cost	402		417	
Other derivatives	32.1	FVTPL	5		5	
Current liabilities						
Interest-bearing liabilities						
Credit institutions	19	Amortized cost	1		1	
Non interest-bearing liabilities						
Other debt		FVTPL	6			6

(1) New categories according to IFRS 9 are as follows :

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Amortized cost

As of 31 December 2018

As of 31 December 2018		Classification under IFRS 9 (1)	Balance at 31 December 2018	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Other non-current assets						
Other derivatives	32.1	FVTPL	5		5	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	19	Amortized cost	1,852		1,959	
Credit institutions	19	Amortized cost	403		403	
Non interest-bearing liabilities						
Other derivatives	32.1	FVTPL	4		4	
Current liabilities						
Interest-bearing liabilities						
Credit institutions	19	Amortized cost	1		1	
Non interest-bearing liabilities						
Other debt		FVTPL	39			39

(1) New categories according to IFRS 9 are as follows :

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Amortized cost

Note 33. Related party disclosures

Note 33.1. Consolidated companies

Subsidiaries, joint-ventures and associates are listed in note 8.

Commercial terms and market prices apply for the supply of goods and services between Group companies.

The transactions between Proximus SA and its subsidiaries, being related parties, are eliminated for the preparation of the consolidated financial statements. The transactions between Proximus SA and its subsidiaries are as follows:

Proximus SA transactions with its subsidiaries (EUR million)	Year ended 31 December	
	2018	2019
Revenues	163	174
Costs of materials and services related to revenue	-138	-146
Net finance costs	-152	1
Dividends received	491	92
Gain on contribution of financial fixed assets	0	437

Outstanding balances of Proximus SA with subsidiaries (EUR million)	As of 31 December	
	2018	2019
Trade receivables	30	32
Trade payables	-39	-42
Interest-bearing receivables/liabilities	-8,665	-1,022
Other receivables and liabilities	0	-1

The decrease of the balance of the net interest-bearing receivables/liabilities is the consequence of the merger between Proximus SA and Proximus Group Services (PGS).

Note 33.2. Relationship with shareholders and other State-controlled enterprises.

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.45%. The remaining 42.04% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favorable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Note 33.3. Relationship with key management personnel

The remuneration of the Board of Directors was decided by the General Shareholders' Meeting of 2004.

The principles of this remuneration remained applicable in 2019 and no substantial change of the policy is expected: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandenborre is members of the Board of the Pension Fund. They do not receive any fees for these board mandates. For the execution of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration such as bonuses or long-term incentive plan, nor do they receive benefits linked to complementary pension plans or any other group insurance.

The total remuneration for the Directors amounted to gross EUR 1,000,499 for 2018 and to gross EUR 1,243,509 for 2019. The directors have not received any loan or advance from the Group.

The number of meetings of the Board of Directors and advising committees are detailed as follows:

	2018	2019
Board of Directors	7	10
Audit and Compliance Committee	5	5
Nomination and Remuneration Committee	4	9
Transformation & Innovation Committee	2	2

In its meeting of 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 is also a vendor for telephony, Internet and/or ICT services for 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 are arm's length of nature.

For the year ended 31 December 2019, a total gross amount (long-term performance based payments) of EUR 6,252,939 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2019, the members of the Executive Committee were Dominique Leroy, Guillaume Boutin, Sandrine Dufour, Jan Van Acoleyen, Dirk Lybaert, Geert Standaert, Renaud Tilmans and Bart Van Den Meersche.

For the year ended 31 December 2018, a total gross amount (long-term share-based payments) of EUR 6,161,728 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2018, the members of the Executive Committee were Dominique Leroy, Sandrine Dufour, Jan Van Acoleyen, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Bart Van Den Meersche and Guillaume Boutin.

These total amounts of key management compensation include the following components:

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and excluding employer social security contributions paid on these benefits;
- Post-employment benefits: insurance premiums paid by the Group in the name of members of the Executive Committee. The premiums cover mainly a post-retirement complementary pension plan;
- Performance Value based payments (long-term): gross amounts granted under the Performance Value Plan, which creates possible exercising rights as from May 2021 (granted in 2018), depending on the achievement of market conditions based on the company's Total Shareholder Return compared to a predefined group of other European telecom operators, or creates pay-out rights in May 2022 (granted in 2019) depending on the achievement of 3 company driven performance criteria which consist of the Group free cash flow, the reputation index and the company's Total Shareholder Return compared to a predefined group of other European telecom operators.

EUR (*)	Year ended 31 December	
	2018	2019
Short-term employee benefits	4,462,406	4,511,137
Post-employment benefits	674,322	686,802
Performance based payments	1,025,000	1,055,000
Total	6,161,728	6,252,939

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

Note 33.4. Regulations

The telecommunications sector is regulated by European legislation, Belgian federal and regional legislation and by decisions of sectors specific regulators (the Belgian Institute for Postal services and Telecommunications, commonly referred to as the "BIPT/IBPT" and the regional regulators competent for media) or administrative bodies such as the Competition authorities.

Note 34. Rights, commitments and contingent liabilities

Claims and legal proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

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.

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of

product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations.

Broadband/Broadcast Access Related Cases

Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

During the investigation of October 2010, a large numbers of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in order to have the communication to the investigation teams of LPP data and data out of scope suspended. On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case.

On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction.

In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

Mobile On-net cases related

In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls be-tween Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009.

Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling.

Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom.

Gial case

On 19 June 2019, Proximus was indicted by a Brussels investigating judge following a complaint on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the secrecy of the investigation, the details of this case cannot be set out in this report.

Nevertheless, Proximus would like to mention the existence of this case to ensure transparency.

For information purposes: if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts which it is accused of and in view of the indictment by the investigating judge, the maximum fine that could be imposed to Proximus in the context of this case would be EUR 800,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not set aside any amount for the payment of any fine.

Finally, insofar as necessary, Proximus recalls that the indictment does not in any way imply that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favorable outcome to this case.

Tax proceedings

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2011. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2010 with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2010 on procedural grounds. BICS will file an appeal against the assessment for the period 1 April 2010 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest should not exceed EUR 25 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in these financial statements reflects the best estimate of the probable final outcome.

Mobile access sharing agreement

On 22nd November 2019, Orange Belgium and Proximus concluded a mobile radio access network (RAN) sharing agreement. Telenet, which contests the agreement, lodged a complaint with the Belgian Competition Authority and made a request for preliminary measures. On 8th January 2020, the Belgian Competition Authority, whilst acknowledging the benefits of the agreement, decided to suspend the agreement during 2 months, giving Orange Belgium and Proximus the time to have discussions with the telecommunications regulator. In the meantime, several preparatory actions can still be taken. Passed this time, unless the

prosecutors of the Belgian Competition Authority would take a new initiative, the suspension takes an end. A decision on the merits, if any, may take several years.

Capital expenditure commitments

At 31 December 2019, the Group had contracted commitments of EUR 200 million, mainly for the acquisition of intangible assets and technical and network equipment.

Other rights and commitments

At 31 December 2019, the Group has the following other rights and commitments:

The Group received guarantees for EUR 6 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 15 million from its suppliers to ensure the completion of contracts or works ordered by the Group. The Group granted guarantees for an amount of EUR 126 million (including the bank guarantees mentioned in note 32.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations.

In accordance with the law of 13 June 2005 on electronic communication, Proximus is entitled to claim compensation for the social tariffs that it has offered since 1 July 2005 as part of its universal service provision. For every operator offering social tariffs, the BIPT is required to assess whether or not there is a net cost and an unreasonable burden. In May 2014, the BIPT, together with an external consultant, started to analyze the net costs Proximus bore in providing the social discounts, which were offered over the period 2005-2012, the aim being to assess the possibility of there being an unreasonable burden on Proximus, and hence the possibility of a contribution being due by the operators liable to pay a contribution. On 1 April 2015, however, Proximus withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of classifying mobile social tariffs as an element of the universal service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision would be clear. In a judgment of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of a compensation mechanism to which specific undertakings have to contribute.

In its judgment of 3 February 2016 (no. 15/2016), the Constitutional Court, taking into account the Judgment of the Court of Justice, indicated that since the Member States are free to consider mobile communication services (voice and internet) as additional mandatory services, the Legislator could impose the obligation on mobile operators to provide mobile tariff reductions to social subscribers. However, it specified that a financing mechanism for such services involving specific undertakings cannot be imposed. It is up to the Legislator to decide whether, for the provision of such services, compensation should be calculated by means of another mechanism which does not involve specific undertakings.

In its communication of 27 December 2017 regarding the monitoring of the universal service, the BIPT states the following: '(Proximus translation) 'Following this, the Constitutional Court has decided on 3 February 2016 that Belgium cannot oblige the telecom operators to grant social tariffs for mobile telephony and mobile internet. However, the government could decide to make the services accessible to the public as 'additional obligatory services', however without a possibility to have a financing from the sectorial compensation fund.' Given this reading of the BIPT, it has been decided not to grant any longer social tariffs on standalone mobile internet formulas. Social reductions on bundles for mobile internet are being maintained.

In 2015, the Minister competent for electronic communications announced a reform of the legal system of social tariffs, prioritizing a simplification of the current system as well as an evolution towards a system based on voluntary engagement.

So far, the Minister has not yet transformed his intention into a concrete draft law. The claim for compensation for the social tariffs has not been renewed. The transposition of the European Electronic Communication Code into Belgian law might possibly bring changes to the definition of the social tariffs.

Note 35. Share-based Payment

Discounted Share Purchase Plans

In 2018 and 2019, the Group launched Discounted Share Purchase Plans.

Under the 2018 and 2019 plans, Proximus sold respectively 14,431 and 3,033 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price for EUR between EUR 19.18 and EUR 23.12 per share in 2018 and for EUR 20.64 and 21.35 in 2019). The cost of the discount is below EUR one million in 2019 and in 2018 and was recorded in the income statement as workforce expenses (see note 26).

Performance Value Plan

In 2013, 2014, 2015, 2016, 2017 and 2018, Proximus launched different tranches of the “Performance Value Plan” for its senior management. Under this Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights are dependent on the achievement of market conditions based on Proximus’ Total Shareholder Return compared to a group of peer companies.

After the vesting period rights can be exercised during four years. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised yet are forfeited. In case of involuntary leave (except for serious cause) or retirement the rights remain and continue to vest during the normal 3 year vesting period.

The Group determines the fair value of the arrangement at inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled (currently not material) and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value of the tranches 2017 and 2018 amounted respectively to EUR 4 million for each tranche as of 31 December 2019. The annual charge of these tranches amounted to EUR 4 million. The calculation of simulated total shareholder return for those tranches under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of 31 December 2019.

	As of 31 December	
	2018	2019
Weighted average risk free of return	0.070%	-0.296%
Expected volatility - company	19.88% - 20.04%	18.76%-19.02%
Expected volatility - peer companies	15.21% - 37.03%	14.37%-28.70%
Weighted average remaining measurement period	2.45	2.25

In 2019, Proximus launched a tranche of the changed “Performance Value Plan” for its senior management. Under this changed Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights is dependent on an extended number of KPI's which are the composed of the Proximus’ Total Shareholder Return compared to a group of peer companies (40%), the group Free Cash Flow (40%) and the Reputation Index (20%). The final KPI is the average of the intermediary calculations of the 3 calendar years.

The fair value and the annual charge of the tranche 2019 amounted to EUR 2 million as of 31 December 2019 based on actual calculation.

Employee Stock Option Plans

In 2012, Proximus launched a last yearly tranche of the Employee Stock Option Plan to the key management and senior management of the Group. The Plan rules were adapted early 2011 according to the Belgian

legislation. Therefore, as from 2011, the Group launched two different series: one for the Executive Committee, Chief Executive Officer included and one for the other key management and senior management.

As prescribed by IFRS 2 ("Share-based Payments"), the Group recognizes the fair value of the equity portion of the share options at inception date over their vesting period in accordance with the graded vesting method and periodic re-measurement of the liability component. Black&Scholes is used as option pricing model.

The annual charge of the graded vesting including the liability component re-measurement is recognized as workforce expenses and amounts to EUR 0.1 million in 2019 and 2018.

All tranches granted from 2004 to 2012, except for 2008, are closed.

The dividend liability amounted to EUR 0.5 million on 31 December 2019 and EUR 2.2 million on 31 December 2018 and is included under the caption "Other current payables". The right to dividends granted to the beneficiaries of the tranches 2005-2012 corresponds to the contractual life of the tranches.

In 2009, the Group gave the opportunity to its option holders to voluntarily extend the exercise period of all the former tranches (except the 2009 tranche) with 5 years, within the guidelines as established by the law.

For all the tranches except the 2004 tranche and the Executive Committee series of 2011 and 2012 tranches (as described below),

- in case of voluntary leave of the employee, all unvested options forfeit except during the first year, for which the first third of the options vests immediately and must be exercised prior to the second anniversary following the termination date of the contract, as for all vested options;
- in case of involuntary leave of the employee, except for serious cause, all unvested options vest immediately and must be exercised prior to the second anniversary following the termination date of the contract or prior to the expiration date of the options whichever comes first, as for all vested options;
- in case of involuntary leave of the employee for serious cause, all options forfeit immediately.

For the Executive Committee series of the 2011 and 2012 tranches:

- in case of voluntary leave of the Executive Committee member during a period of three year following the grant 50% of the options immediately forfeit. If the voluntary leave takes place after that date, the options continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or prior to the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- in case of involuntary leave of the Executive Committee member, except for serious cause, the options will continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- in case of involuntary leave of the Executive Committee member for serious cause, all options forfeit immediately.

The evolution of the stock option plans is as follows:

	Number of stock options (1)			
	2007	2008	2012	Total
Outstanding at 31 December 2018	19,481	39,681	79,853	139,015
Exercisable at 31 December 2018	19,481	39,681	79,853	139,015
Movements during the year 2018				
Forfeited	-5,207	0	0	-5,207
Exercised	-14,274	-15,624	-79,853	-109,751
Total	-19,481	-15,624	-79,853	-114,958
Outstanding at 31 December 2019	0	24,057	0	24,057
Exercisable at 31 December 2019	0	24,057	0	24,057
Exercise price	33	29	22	

(1) plans of 2004,2005,2006,2007, 2009,2010, 2011 and 2012 are expired

The volatility used for the remeasurement of the liability component has been estimated to 27%.

Note 36. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2019 for an amount of EUR 1,566,002 for audit mandate and control missions and EUR 286,726 other missions.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Audit mandate	1,041,335	457,046
Other Control Missions	56,358	11,264
Other missions	39,900	246,826
Total	1,137,593	715,136

Note 37. Segment reporting

The Board of Directors, the Chief Executive Officer and the Executive Committee assesses the performance and allocates resources of Proximus Group based on the client-oriented organization structured around the following reportable operating segments:

- The Consumer Business Unit (CBU) sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers, to self-employed persons and small companies, as well as ICT-services mainly on the Belgian market and provides related customer operations.
- The Enterprise Business Unit (EBU) sells ICT services and products to medium enterprises and major companies. These ICT solutions, including telephone services, are marketed mainly under the Proximus and Telindus brands, on both the Belgian and international markets;
- International Carrier Services (ICS) is responsible for international carrier activities;
- Wholesale unit (WU) sells services to other telecom and cable operators;
- The Technology unit (TEC) (centralizes all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions), provides services to CBU, EBU and WU and sells these services to other telecom and cable operators;
- Staff and Support (S&S) brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate supporting the Group's activities.

No operating segments have been aggregated to form the above reportable operating segments.

The Group monitored the operating results of its reportable operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance was evaluated on the following basis:

- Direct margin net of incidentals. The segment reporting below provides a reconciliation between underlying figures and those reported in the financial statements.
- The capital expenditures.

Group financing (including finance expenses and finance income) and income taxes were managed on a group basis and are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements but are disclosed excluding "incidentals". The Group defines "incidentals" as material items that are out of usual business operations.

Intercompany transactions between legal entities of the Group are invoiced on an arm's length basis.

(EUR million)	Year ended 31 December 2019									
	Group Proximus				underlying by segment					
	Reported	Lease depreciation	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	5,638	0	0	5,638	1,297	4,341	2,820	1,413	181	-73
Other revenues	59	0	-11	48	4	44	25	6	0	13
TOTAL INCOME	5,697	0	-11	5,686	1,301	4,386	2,845	1,419	182	-60
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-2,018	-5	9	-2,014	-976	-1,038	-636	-447	-36	80
Direct margin	3,680	-5	-2	3,673	325	3,348	2,209	973	146	20
Workforce expenses	-1,477	0	278	-1,199	-100	-1,099				
Non workforce expenses	-527	-79	3	-603	-72	-531				
TOTAL OPERATING EXPENSES	-2,004	-79	280	-1,802	-172	-1,630				
OPERATING INCOME before depreciation & amortization	1,676	-84	278	1,870	153	1,718				
Depreciation and amortization	-1,120									
OPERATING INCOME	556									
Net finance costs	-47									
Share of loss on associates	-1									
INCOME BEFORE TAXES	508									
Tax expense	-116									
NET INCOME	392									
Attribute to:										
Equity holders of the parent (Group share)	373									
Non-controlling interests	19									

(EUR million)	Year ended 31 December 2019					
	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services
Capital expenditure	1,035	170	45	750	31	39

(EUR million)	Year ended 31 December 2018								
	Group Proximus	underlying by segment							
	Reported	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	5,764	0	5,764	1,346	4,417	2,880	1,408	201	-71
Other revenues	65	-21	43	0	43	23	5	1	15
TOTAL INCOME	5,829	-21	5,807	1,347	4,460	2,903	1,413	201	-57
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-2,126	0	-2,126	-1,030	-1,096	-684	-454	-36	77
Direct margin	3,703	-21	3,681	317	3,364	2,219	959	165	21
Workforce expenses	-1,245	46	-1,199	-91	-1,108				
Non workforce expenses	-663	45	-618	-73	-545				
TOTAL OPERATING EXPENSES	-1,908	92	-1,817	-164	-1,653				
OPERATING INCOME before depreciation & amortization	1,794	70	1,865	154	1,711				
Depreciation and amortization	-1,016								
OPERATING INCOME	778								
Net finance costs	-56								
Share of loss on associates	-1								
INCOME BEFORE TAXES	721								
Tax expense	-191								
NET INCOME	530								
Attribute to:									
Equity holders of the parent (Group share)	508								
Non-controlling interests	22								

(EUR million)	Year ended 31 December 2018					
	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services
Capital expenditure	1,019	137	34	779	34	35

In respect of geographical areas, the Group realized EUR 4,020 million net revenue in Belgium in 2018 (IFRS 15 basis) and EUR 3,900 million in 2019 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,744 million in 2018 and EUR 1,738 million in 2019. More than 90% of the segment assets are located in Belgium.

Note 38. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2019.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2020 or later:

Newly issued standards and Interpretations

Effective 1/1/2020 or later

- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts
- Amendments to references to the Conceptual Framework in IFRS standards
- Amendments to IFRS 3 Definition of a business
- Amendments to IFRS 10 and IAS 28 Sale or contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 and IAS 8 Definition of Material

- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The Group will continue investigating the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2020.

The Group does not anticipate material impacts from the initial application of those IFRS

Note 39. Post balance sheet events

There are no significant post balance sheet events.



Proximus NV van publiek recht / SA de droit public

Statutory report of the joint auditors to the shareholders' meeting for the year ended 31 December 2019 - Consolidated financial statements

The original text of this report is in Dutch and French

Statutory report of the joint auditors to the shareholders' meeting of Proximus NV van publiek recht / SA de droit public for the year ended 31 December 2019 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Proximus NV van publiek recht / SA de droit public ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We, members of the joint auditors, were appointed in our capacity as statutory auditor by the shareholders' meeting of 17 April 2019, in accordance with the proposal of the board of directors issued upon recommendation of the audit and compliance committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021. Deloitte Bedrijfsrevisoren/réviseurs d'Entreprises has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht / SA de droit public for 10 consecutive periods. This is the first year CDP Petit & Co has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht / SA de droit public.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 8 978 million EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 392 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the joint auditors for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on telecommunications activities The accuracy of revenue is an inherent risk in the telecommunications industry. This is driven by the complexity of billing systems, the magnitude of volumes of data in combination with different products on the market and price changes in the year. The correct application of revenue recognition accounting standards to the separate elements of a customer's contract are complex and require judgement by management. The details on revenue recognition are included in notes 2 'Significant accounting policies', 14.2 'Contract Assets', 22 'Other current payables and contract liabilities' and 23 'Net Revenue'.	We addressed this key audit matter by applying the following controls and substantive test procedures to the material revenue streams: • We tested the design and operating effectiveness of the relevant key controls in place in the revenue cycle, as well as in the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that support material revenue streams; • We performed tests of details on a sample of individual revenue transactions, tracing these back to order documentation and cash receipts; and • We performed a substantive analytical review. Additionally we assessed the appropriateness of the group's accounting policies with respect to revenue recognition and assessed compliance with the applicable accounting standards.
Liabilities for termination benefits In 2019 Proximus announced its #shifftodigital strategy, which included a transformation plan in which 1300 functions were identified as being redundant. The implementation of the strategy started in November 2019 and all employees were notified before year-end. The determination of the liabilities for termination benefits is based on the effective number of employees opting for voluntary leave and other assumptions. Considering the overall significance of the termination benefits and its importance for the users' understanding of the current year accounts, we consider the employee restructuring program to be a significant matter in our audit. The details on accounting for termination benefits are included in note 2 'Significant accounting policies', note 11.1 'Termination benefits and additional compensations in respect of restructuring programs' and note 26 Workforce expenses.	With respect to the related liabilities: • We assessed whether the accounting treatment of the employee restructuring program was appropriate based on the terms and conditions included in the plan and whether the disclosures in the notes to the financial statements were accurate and complete. • In testing the company's estimates: – we performed test of details on the accuracy of personnel data by reconciling such data on a sample basis to underlying evidence and by verifying mathematical accuracy of calculations; – we challenged the assumptions used in management's estimate for the restructuring provision; and • We audited, with the assistance of our internal actuarial expert, the impact of the restructuring to the existing pension related obligations and other post-employment benefits.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the joint auditors for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit of annual accounts does not comprise any assurance regarding the future viability of the group nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the group's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the directors' report on the consolidated financial statements.

Responsibilities of the joint auditors

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the directors' report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the directors' report on the consolidated financial statements are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in the the directors' report on the consolidated financial statements that is part of the annual report. This non-financial information has been established by the company in accordance with the GRI Standards reporting principles. In accordance with article 3:75, § 1, 6° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with GRI Standards reporting principles mentioned in this non-financial information.

Statements regarding independence

- No services, incompatible with the statutory audit of the consolidated financial statements as referred to by the law, have been performed and our audit firms and, if applicable, our networks of audit firms remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

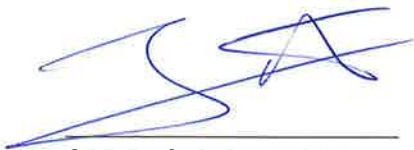
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 21 February 2020

The joint auditors



Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Geert Verstraeten



CDP Petit & Co BV/SRL
Represented by Damien Petit

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Management Report Proximus PLC under Belgian Public Law

2019

proximus

Report by the Board of Directors to the annual general meeting of shareholders on 15 April 2020 on the annual accounts of Proximus PLC under public law as at 31 December 2019

Dear Shareholders,

We are pleased to report on the operations of the 2019 financial year and to submit for your approval, the annual accounts per 31 December 2019.

The development and the results of Proximus in 2019

Comments on the annual accounts

Balance sheet

Even though Proximus invested for € 330 million in IT assets and broadcasting rights, intangible assets decreased by € 327 million to € 2,389 million mainly as a consequence of the amortization of the goodwill from the 2010 merger by absorption, and normal amortizations.

Tangible fixed assets decreased by € 28 million to € 2,716 million, as the depreciation cost was higher than the new investments. Proximus continued its investments in new digital platforms, the ongoing multi-year modernization of its transport network and its Fiber for Belgium project. Furthermore, Proximus continued to invest in its mobile network to provide a high-quality mobile service while coping with a continuing increase in data usage. Depreciations were impacted by the declining depreciation method for 2018 and 2019 investments and by the accelerated depreciation of some network components.

The participating interests in affiliated enterprises decreased with € 8,007 million to € 1,238 million. This is mainly the consequence of the merger of Proximus Group Services SA (PGS SA) with Proximus SA that took place in 2019 (effective on 1st January 2019) after Proximus SA acquired the shares of PGS SA following the capital reduction of Proximus Luxembourg paid in kind (by means of PGS SA shares). Furthermore, Proximus SA increased the capital of Proximus Opal SA (100% subsidiary) with €438 million by contribution of BICS shares.

The amounts receivable after one year decreased by € 55 million to € 89 million following the partial reimbursement of an intercompany loan.

The stocks and contracts in progress were fairly stable and amounted to € 119 million. The accounts receivable within one year amounted € 573 million.

The investments decreased with € 147 million to € 399 million mainly as a consequence of the merger with PGS SA, partly compensated by the revaluation of treasury shares.

The equity decreased by € 130 million to € 1,675 million mainly due to the Net Income being lower than the distributed profit.

The provisions for liabilities increased by € 249 million mainly due to the recognition of a provision for termination benefits related to the implementation of the transformation plan decided by the Board on November 27, 2019 and the review of actuarial assumptions used for the calculation of the provision for other post-employment benefits.

Mainly as a consequence of the merger between Proximus SA and PGS SA, the creditors decreased with € 8,512 million. This is compensated by a new € 100 million private bond note starting 8 March 2019 and maturing in September 2031, with an annual fixed coupon of 1.75%.

Per 31 December 2019, the current liabilities exceed 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

2019 operating income amounts decreased from € 4,460 million to € 4,319 million mainly following the decrease of the turnover with € 123 million.

The amount of operating charges increased with € 255 million up to € 4,396 million mainly as a consequence of the increase of non-recurring operating charges with € 319 million partly offset by a decrease in recurring operating charges of € 64 million.

The decrease in recurring operating charges results from a decrease of the consumption in raw materials, consumables and goods for resale with € 56 million and a decrease in services and other goods with € 48 million partially compensated by an increase in the depreciation and amortization of € 53 million.

The increase of depreciation and amortization mainly results from an increasing asset base and the application of declining depreciation on investments of the years 2018 and 2019.

The increase of non-recurring operating charges is mainly the consequence of the provision recognized following the implementation of the transformation plan (€ 288 million) partly offset by the resulting impacts (gain) on other post-employment benefits (€ 6 million) and sickness days provision (€ 6 million). The increase results also from the review of the actuarial assumptions for the provision for other post-employment benefits (€ 33 million), the review of the useful life of certain network components and the amortization of the merger goodwill of PGS SA and Proximus.

As a result, the operating profit decreased by € 396 million down to € 77 million loss.

The financial income increased with € 31 million up to € 552 million mainly as the result of the gain realized on the contribution of BICS shares into the capital of Proximus Opal SA (100% subsidiary) partly compensated by lower dividends received from subsidiaries.

The financial charges decreased with € 236 million as the interest charges significantly decreased thanks to the merger of PGS SA and Proximus SA (effective as from 1st January 2019). Also, the revaluation of treasury shares led to a net gain of € 28 million in 2019 compared to a loss of € 54 million in 2018.

The 2019 earnings before income taxes amounted to € 432 million (vs. € 560 million in 2018).

Corporate income taxes decreased by € 56 million up to € 54 million due to lower earnings before taxes and higher non-taxable income.

As a consequence, the profit of the year before appropriation amounted to € 379 million compared to € 451 million for 2018.

Appropriation of results

We propose the following appropriation (in €):

2019

Profit of the financial year to be appropriated	+	378.882.109	EUR
Accumulated profit	+	317.655.909	EUR
Profit to be appropriated	=	696.538.018	EUR
Transfers from capital and reserves	+	26.850.224	EUR
Transfers to capital and reserves	-	48.197.994	EUR
Profit to be distributed (dividends)	-	486.324.662	EUR
Other beneficiaries (personnel)	-	21.577.480	EUR
Profit to be carried forward	=	167.288.106	EUR

On December 6th, 2019 an interim dividend of € 161.5 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 € 156 million was issued end 2019, and the right to issue Euro Medium Term Notes for a total of € 3,500 million, of which € 1,950 million was issued end 2019.

Most important risks and uncertainties

Taking risks is inherent to doing business, and successfully managing risks delivers a return to Proximus stakeholders. Proximus believes risk management is fundamental to corporate governance and the development of sustainable business.

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value 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. A structured risk management process allows management to take risks in a controlled manner. 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 and financial 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.

Proximus' ERM framework has been reviewed and updated in 2019 to align with the market best practices. 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 2019 exercise, the following risk categories were prioritized (in the following order):

- Business model and servicing evolution
- Competitive market dynamics
- Customer experience
- Employee skills and motivation
- Human Resource cost & flexibility

Business model and servicing evolution

Proximus' business model and financial performance have been and will continue to be impacted by (disruptive) technologies, such as SD-WAN, 5G and OTT (over-the-top) services. Proximus' response to 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 its performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to serving 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. In the business market, Proximus is further developing and reinforcing its capabilities to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud, and managed security solutions.

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 API platforms), maturing markets (e.g. 4G 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, competitors entering new segments of the market that might impact market value going-forward). In December, the validation of the sale of 51% of Voo (the cable company operating in most of Wallonia and part of Brussels), to Private Equity firm Providence Equity Partners was announced. This transaction is expected to be finalized in the course of 2020. It will likely change the outlook and strategy of Voo going forward. Furthermore, in the coming months or 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 set in the upcoming spectrum auction. Sector federation Agoria estimates 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 €200 M - €350 M. The timing of that remains uncertain, as the upcoming spectrum auction has been repeatedly delayed.

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 over-the-top services continue to gain ground. As a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+), Proximus has been consistently improving its multiplay value propositions by putting more customers on the latest technologies, maintaining its lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & Kids with the Studio 100 agreement, etc), developing an omnichannel strategy and improving digital customer interfaces (launch of the new Pickx platform), etc. Proximus has established an advantageous and solid competitive position, providing the company with other levers besides price, reducing the risk to churn and price disruption exposure. Following the launch of the Epic mobile offer in 2018, Proximus successfully launched in 2019 a new convergent offer, Epic Combo, targeted at the millennial segment and specifically designed offer to meet the telecommunication needs of these customers. Proximus is also responding through a convergent and bundled approach and by offering new services and opting for an aggregator model, putting the best content at the disposal of its customers (e.g. Netflix).

The price-sensitive segment, which has continued to rise in 2019 as more consumers seek no-frills offers at a lower price, is successfully addressed through its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which might further impact revenue and margins. Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Proximus has developed specific solutions to accompany our customers in the transition to both local and cloud-based communication services, leveraging our various assets to offer simple, reliable and technologically advanced solutions to meet our customers' communication needs. Furthermore, Proximus is working with its customers to answer their industry-specific requirements and business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data, which will help preserve value.

Customer experience

For Proximus, delivering a superior customer experience is a core strategic mission. The priority given to customer centricity means more than focusing on the customer. This is about creating an effortless, intuitive and personalized experience for each customer.

Why would a prospect choose Proximus rather than another telco provider? Why would an existing customer recommend us to family and friends? Why would a customer be delighted with the way his products and services are being moved? This is all about the experience we provide him with.

This experience includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network, easy-to-use products and services and a good recommendation index. To achieve this goal, key transformational initiatives such as 'End-to-End Journey Evolution', 'Voice of the Customer', and 'Customer Service Lighthouse addressing root cause of pain points' were set up to take charge of transformation projects participating in Proximus' brand promise: 'Think Possible'.

Providing a superior experience to customers is a crucial challenge but also an ongoing risk domain, considering:

- The fast evolution of market and customers' expectations
- The increased influence of GAAFA and OTT players
- The ever-present risk of a bold move from the competition

As we are aware of those risks, here are some achievements of the past year tackling them:

- The 'Close-the-loop' was set up to allow customers who express, via our surveys, that they still have an open question or issue, to be re-contacted in priority in order to find a solution.
- Dedicated multidisciplinary teams were set up to act on identified root causes of customers' and operational pain points and drive continuous improvement to realize customer experience improvements and capture financial value. Five priority topics are being looked at end-to-end (i.e. billing, payment & collection, ordering, non-commercial communication and usage experience) and will result in addressing pain points and useful customers' contacts reducing thereby the customer effort. The dedicated teams are supported in their mission by a customer experience analytics team whose mission is to quantify and qualify the root causes and to measure the impact of the adopted improvements.
- The Digiline project allowing a digital journey follow-up and visualization of main interaction for new customers.

- Proximus is no longer a service provider. We create a real bond with our customers and do everything possible to ensure that their experience with us is 'effortless and delightful'.

Employee skills and motivation

In the digital era, knowledge workers are a competitive asset if they have the right skills and mindset. Proximus could face a shortage of skilled resources in specific domains such as security, digital front-ends, data science, and agile IT. This shortage could hamper the realization of our ambition to become a truly customer-centric organization, and delay some of our objectives in innovation. In addition, we need to upgrade skills in customer-facing and other functions to become digitally oriented.

This is why the company is paying so much attention to training programs, internal mobility, hiring of young graduates from relevant fields, and employer branding. In this context, it is also essential for Proximus to adapt its way of working to the needs and requirements of the new generation – the 'millennials' – and to manage all talents within an inclusive, multi-generational environment.

Considering the imperative to align skills with customer and business needs, Proximus has taken the necessary steps to identify the skills that will be critical for facing tomorrow's challenges and increased drastically its upskilling and reskilling efforts to accelerate the skills' shift. Proximus focuses also more on discovering, developing and sharing talents in order to have the right talent in the right place. Proximus continues to invest in leadership, a collaborative work environment, digitalization, and development in order to stimulate a company culture that nurtures a growth mindset, new ways of working, and our five company values: the digital mindset, customer centricity, accountability, collaboration and agility.

Human resource cost flexibility

Even though Proximus has been on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution mean that it needs to further reduce costs in order to remain competitive and preserve EBITDA. A significant portion of Proximus' expenses is still driven by the cost of the workforce (whether internal or outsourced, expensed or capitalized). Expressed as a ratio of turnover, Proximus' total cost of workforce still lies well above the average of international peers and main competitors, even if steady progress has been made in recent years. Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in five employees is a statutory employee. The application of HR rules as defined during successive Collective Agreements is quite strict and doesn't allow for as much flexibility as competition. This restricts Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2019, another wave of employees left the company under the voluntary early leave plan that was agreed by the unions in 2016. But in the future, major efforts will be needed to increase organizational flexibility and agility. That's why we intend to accelerate our transformation in the next three years, to become an increasingly digital company with an agile and efficient organization. First, Proximus will continue to adapt and simplify its organizational structure in order to evolve towards a high-performance organization by transforming the way we work.

In addition, different initiatives (drastic simplification and/or automation of Proximus' products, services, processes and systems) have been taken to optimize and safeguard the balance between workforce and

workload (both in numbers and competencies). The objective is to adapt workforce cost and HR rules to Proximus' future needs, so that we remain competitive and can evolve with customers' needs.

In this respect, in January 2019, Proximus announced the need to reduce the number of employees in line with the workload reduction mainly linked to digitalization. The transformation plan was approved in the Joint Committee of December 9, 2019 while the implementation had started by informing the employees individually.

The content of the transformation plan, is made of:

- A better adequation between the workforce and the workload, linked to business initiatives mainly linked to digitalization. The agreed upon workforce reduction will be managed through a specific process, starting with a voluntary leave plan with a majority of employees leaving by the 1st of March 2020. All other departures will happen before year-end 2020.
- A simplification of HR rules related to functional mobility, HR flexibility, and the balance between insourcing and outsourcing.
- New working conditions for employees hired as of 1st January 2020.
- A significant increase of reskilling and upskilling efforts, to meet the needs in terms of skills transformation.

The three parts of the plan will improve our productivity, flexibility and agility on the market.

Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that effect 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 in order 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
- Legacy network infrastructure
- Security (confidentiality, integrity, availability)
- Sourcing and supply chain reliability
- Data protection and privacy

Resilience and business continuity

Interruptions to our ICT and telecom infrastructure which supports our business activities (including services provided by third-party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

Building and ensuring the resilience of our network, platforms and IT systems remains a top priority. For each critical business function, business continuity plans have been developed in order to:

- Identify and prevent risks where possible
- Prepare for risks that we can't control
- Respond and recover if an incident or crisis occurs

Every year, the business units define or review the Recovery time objective (RTO) for each critical product, service and business process. The operational teams perform a gap assessment, the divisional Business Continuity coordinators follow up the resulting action plans and report progress to the Business Continuity Manager.

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.

In case of a major adverse event, Proximus has put in place a crisis management process called PERT (Proximus Emergency Response Team).

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 are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans. In addition, Proximus invests in threat intelligence and security incident response.

Legacy network infrastructure

The systems need to talk to each other over a connected information highway that can deliver information at high speed and without distortion. There is no doubt that in the coming years there will be a continued demand for ever-greater quantities of data at ever-greater speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

The problems with services over copper are speed, reliability and value for money. All too often, legacy systems are costly to operate and maintain. Copper has been around for decades and has far outlived any guarantee period. Outages on the lines will become more frequent.

Considering those elements, in 2004 Proximus was the first operator in Europe to start building a national Fiber-to-the-Home network. And today, Proximus is among the world's top five operators for the proportion of fiber in its VDSL network, with over 21,000 kilometres of optical fiber connecting its street cabinets.

In the last three years, Proximus has accelerated the roll-out of fiber on its fixed network.

The initiatives from utility players, such as Fluvius, to invest in a parallel fiber network, risk to have an impact on the business case of the Proximus Fiber investments.

Sourcing & Supply chain

Proximus depends on key suppliers and vendors to provide the equipment its needs to carry out its business activities. Supply chain risk management (SCRM) is defined as ‘the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity’.

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

- Top critical suppliers or their sub-suppliers under constant watch
- Stock management
- Consideration of alternative sourcing arrangements
- Business interruption / contingency plans
- Risk assessments and audits
- Awareness campaigns and training programs
- Strict follow-up of critical suppliers’ contractual liability and Service Level Agreement (SLA) clauses
- Data protection & privacy

Data protection & 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 2019, Proximus continued the GDPR implementation project it started in 2017. As part of our commitment to protect personal data and privacy, we took a series of actions such as appointing a Data Protection Officer (DPO), developing a consent management structure, security screening, and corrective measures for our IT applications. Proximus is using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR e.g. register of processing activities.

Furthermore, Proximus has made effort to continuously improve its privacy by design process. As part of rendering the data subject requests process more efficient, Proximus is looking into the further use of semi-automated solutions. In the context of keeping personal data safe, Proximus has implemented additional measures to ensure that personal data in non-production environment is adequately protected.

Environmental risk & climate change

Environmental risk

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.

To date, Proximus did not identify any chronic physical risks. Risk of extreme weather conditions such as heavy rain and winds, floods, lightning strike and heat waves are seen as acute and temporary events and are treated as follows:

- Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.
- The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program will phase out most of the copper feeder cable in a timeframe of 15 years. An extensive fiber program will phase out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fiber network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.
- In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.
- Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, ... which heavily use aerial last mile networks, both in copper or in fiber. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.
- Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light colour and placed outside direct sunlight. A lot of engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studied and optimized.

Climate change

Climate change is high on the agenda due to growing awareness on global warming. In Belgium this is demonstrated by the Thursday marches for climate and political debate on salary cars.

The Group Corporate affairs, responsible for legal, regulatory, public affairs, internal audit & risk management, compliance, group communications 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 policy to reduce CO2 emissions and clear commitment to become circular.

Risk Management & Compliance Committee

In 2019, the Risk Management and Compliance Committee (RMC) held five sessions. The related decisions were reported to EXCO 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).

Internal Audit

In line with European 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 and other professional standards, 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 Proximus to accomplish these objectives through its 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.

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 do not provide a true and fair view any more. 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 Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)).

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

For each new type of transaction (e.g. new product, new employee benefit, business combination), an in-depth analysis is performed 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 analysed. 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.

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 different 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. 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 2019 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 'Most important risks and uncertainties'.

Evolution in research and development activities

Enabling a better digital life

We believe in a connected digital society. We encourage digital adoption by building high-quality future-proof infrastructure and by providing and co-creating innovative solutions and services. With our cyber security solutions and through data protection, privacy and awareness initiatives, we also build trust in digital.

Future-proof digital infrastructure

Being connected is part of everyone's and every company's daily life. At home, at work and on the go. Our objective is to ensure that people and companies have access to high-quality fixed and mobile networks, so they can seize the opportunities of the digital world. With around €1 billion investment per year, Proximus is Belgium's biggest investor in a future-proof digital infrastructure.

KPI	Result 2019	Result 2018
4G indoor coverage (1)	99.6% (2)	99.6% (2)
4G outdoor coverage (3)	100% (2)	100% (2)
Fixed Internet speed 70Mbps and above	76%	73%
Average VDSL2 speed	79.2 Mbps	75.8 Mbps
Vectoring coverage	90.1%	88.6%

(1) The indoor coverage refers to the coverage of 4G inside of buildings.

(2) Results are based on BIPT/IPBT public figures in Q4 and represent the coverage percentage based on a simulation provided by the operators calibrated on basis of BIPT-drive-tests.

(3) The outdoor coverage refers to the coverage of 4G outside of buildings.

Fiber for Belgium

Data traffic and digital services are growing exponentially, mainly due to the increased volume used by videos, cloud apps and the Internet of Things. With Fiber for Belgium, a multi-billion EUR investment plan, Proximus prepares its infrastructure for the customers' future needs by rolling out fiber to most businesses and city centers in Belgium.

Fiber enables low-latency and stable high-speed connectivity, today reaching up to 1 Gbps upload and download speeds, and soon up to 10 Gbps. Our Fiber for Belgium roll-out is one of our key investments towards a digital economy and society. Our commercial offer provides a download speed of up to 220 Mbps to our customers, which can be boosted to 400 Mbps.

Fiber for cities

Fiber offers cities access to the most advanced digital services to enable their transformation into Smart Cities. Smart solutions can be developed by equipping fiber with thousands of sensors and devices thus improving mobility, public safety and air quality, and can drive growth and employment in the city. In the future, fiber will become an essential part of every city's infrastructure just like the water supply and electricity network.

In 2019 we increased our fiber roll-out rhythm, thanks to boosted industrialization efforts. The rollout of this new technology is ongoing in 13 Belgian cities: Aalst, Antwerp, Brussels, Charleroi, Ghent, Hasselt, Knokke-Heist, Kortrijk, Leuven, Liège, Namur, Roeselare and Vilvoorde. (4 new cities in 2019).

Fiber for businesses

Fiber allows companies to exploit all the possibilities of the digital economy. It offers the most future-proof, reliable and scalable technology to stay competitive, agile and innovative. Its high speed facilitates the adoption of new ways of working and technologies such as artificial intelligence, data analytics, connected objects or virtual reality.

For business customers, we proactively roll out fiber in areas with high business densities — such as industrial zones and business parks — and we offer on-demand fiber connectivity to any business customer who requests it. As a result, our coverage within the business and corporate market segments saw a strong increase. At the end of 2019, fiber was available for 64% of companies located in industrial zones (compared to 48% in 2018).

Fiber for residential customers

With fiber, all members of a household can surf, stream high-quality videos, play and work online at the same time, with very low latency or loss of quality. And they benefit from the sharpest images on all screens.

In 2020, we will continue to grow our fiber footprint to reach our 50% coverage ambition in the years to come and adopt an ambitious fiber-centric marketing strategy, unlocking the commercial value in the residential, professional and wholesale markets. We make operational savings through the decommissioning of our copper network and by managing our networks remotely. At the same time, we reduce our unit cost with significant measures to compensate topology evolution.

Mobile network: on the road to 5G

While the use of mobile data is constantly increasing, Proximus wants to continue offering its customers the best mobile network experience.

Over the past two years, on top of extending the coverage of our 4G network (population coverage: 100% outdoor and 99.6% indoor), we have also invested in the faster 4.5G, adding more capacity to the network.

At the end of 2019, Proximus and Orange Belgium signed an agreement with the intention to set up a shared mobile access network. This will allow us to aim for a faster and broader 5G roll-out and to improve the mobile network capacity and coverage to the benefit of our customers.

In 2019, the first showcases of the precommercial 5G launch took place to show our professional and residential customers that we are 5G-ready. 5G use cases were demonstrated for enterprises during our ThinkThings event and for the gaming public at the ESL Proximus Gaming Championship.

In 2019, our affiliate Proximus Luxembourg was the first Luxembourg operator to have connected 5G live on its mobile network.

Also in 2019, the SAFIR consortium (of which Proximus is a member), successfully conducted a pilot project with drones above the city and the port of Antwerp. 5G connectivity will be of great added value for drone applications.

In 2020, Proximus will focus on the implementation of the shared mobile access network and invest in the end-to-end preparation for the 5G network roll-out. We will launch commercially as soon as the spectrum is available.

Optimizing our fixed network

To simplify our network we launched the Mantra+ project to replace technical buildings by an innovative new concept of compact and less energy-consuming Optimus-containers. Our Titan project to increase the capacity of our backbone from 10 to 100 Gbps, was successfully completed in 2019.

New tools and technologies enable us to continue the optimization of our Wi-Fi performance. We activated a smart Wi-Fi solution in our gateways: it provides our customers with the best Wi-Fi connection by choosing the optimal Wi-Fi channel and the best Wi-Fi band (2,4Ghz or 5GHz) for all their devices.

We also launched the Wi-Fi Booster, which extends coverage at home. With the Proximus Home Optimizer app our customers can find the right spot to install the Booster. The smart Wi-Fi solution also runs on the Booster, making sure that customers wherever in the house know which access point best to connect to.

White zones: boosting mobile coverage

White and rural zones are less economically attractive. However, we want to make the opportunities of the digital world accessible to everyone, everywhere. We are doing this by using new technologies and co-investing with public authorities.

We invested an additional EUR 18.5 million in 2017-2019 to offer high-speed fixed broadband services and high-definition digital TV and to increase outdoor 4G mobile coverage in Wallonia.

In 2019, we have installed and upgraded 43 mobile sites to boost 4G mobile coverage in Wallonia. We have also worked with Tessares on innovative solutions to connect remote areas. We are implementing microwave ROP technology, connecting VDSL2 street cabinets through wireless microwave technology, and we have installed 97 remote optical VDSL2 platforms in white zones to increase VDSL coverage significantly. Thanks to the investments we made, 35 municipalities out of the 39, reach at least 60% high bandwidth coverage (> 30 Mbit/s), including 10 municipalities with a coverage above 80%.

In 2020, we will further increase the fixed broadband coverage and explore the possibilities of increasing the mobile coverage in white zones.

Digital trust

Today's digital world offers many opportunities, but also new threats. Trust is a prerequisite for people and companies to embrace the many opportunities of digital and to enable a digital future. As a leading digital company, Proximus is actively involved in developing a safer digital society through data protection, privacy and awareness initiatives.

KPI	Results 2019	Result 2018
International recognized certifications related to cyber security (ISO 27001 and Trusted Introducer certifications)	5*	6
Phishing exercises: employee awareness results: employees who informed CSIRT	2,480	1,113

*Our ISO certificate 'Workplace-as-a-Service' has become redundant in 2019 due to the implementation of the Microsoft certification.

Cyber security: safety first

In developing infrastructure and digital services, safety is our top priority. That is why we offer our customers solutions to protect themselves and keep our employees up to date with the latest security practices. Threats in digital surpass national borders. To this end, we work closely with national and international cyber authorities.

Within our company

In 2019, Proximus has invested EUR 10 million in its Corporate Cyber Security Program. With this investment, we want to make our company more cyber-resilient and we want to offer best-in-class secured services and networks to our customers to protect company data, networks, servers and the end user.

Our corporate Cyber Security Incident Response Team (CSIRT¹) continuously monitors security alerts and coordinates the response to cyber threats. In 2019, our CSIRT analysts handled 1,261 incidents (versus 2,087 in 2018) and 23,111 alarms (vs 15,348 in 2018). No single incident had a major business impact.

We are the proud holder of 5 ISO certifications covering our data centers (including both certifications for housing and hosting), Security Operations Center, the enterprise Explore Connectivity and Managed Services which was recertified in 2019.

Raising cyber security to a higher level remains a top priority for 2020. We continuously invest in our Cyber Security Corporate Program, further strengthening our capabilities and sustaining our ISO 27001 and Trusted Introducer certifications.

1

The Proximus CSIRT is the central incident response team of the Proximus Group. Its mission is to provide information and assistance to reduce the risks of cyber security incidents as well as respond effectively to such incidents when they occur.

For our customers

In 2019 we launched our state-of-the-art “Managed Security & Threat Intelligence” service, currently used by some of Belgium’s largest organizations like the Federal Public Services Finance and Justice.

Thanks to our acquisitions Umbrio and ION-IP we successfully continued to expand our cyber security solutions in the Netherlands, supporting Dutch cities to protect their citizens’ data.

Proximus’ Security Operations Center monitors more than 3,000 million events daily, alerting enterprise customers in case of incidents and remediating them.

In 2020 we will continue to invest in continuous improvement tracks for our Managed Security Services.

For the general public and institutions

We are a committed partner of BE-Alert, a 24/7 public warning system by the Belgian authorities. BE-Alert can broadcast news and information in the event of a crisis via SMS, fixed voice, email and social media.

We continued our engagement with NATO’s Cyber Defense teams in 2019 and also participated in working groups with international law enforcement agencies to get first-hand information on the modus operandi of cyber criminals. Additionally, we are actively exchanging information about observed threats and attacks on a national and European level via the ETIS platform.

In 2020, we will continue to expand our collaboration network through active participation in the Cyber Security Coalition, through close collaboration with the Center for Cyber security Belgium, with other European telecom operators via the ETIS platform, with global companies through the World Economic Forum’s Center for Cyber Security and with the European Cybercrime Center of Europol and through new and existing strong partnerships, such as with NATO.

Cyber security education: raising awareness

We have an important role to play in raising society’s digital awareness. Not everyone is a ‘digital native’ and those who are, do not always see the digital dangers.

Educating our employees

In 2019, we organized a Security Week for our employees with a vast awareness program. We also hosted dedicated training, awareness sessions, and multiple ‘real life’ phishing exercises to increase the detection skills of our employees. We fully supported the national awareness campaign on phishing during the European Cyber Security Month: a strong downwards trend of employees being phished shows that awareness initiatives have a positive impact.

We also want to offer employees the opportunity to develop careers in cyber security. In 2019, 10 employees followed an extensive one-year training on cyber security.

Educating business and public sector customers

Professional customers and their cyber experts are always looking for in-depth advice and the latest trends. Therefore, we organized the biannual Proximus Cyber Security Convention. Our Proximus Corporate University (PCU) also provided security education programs for enterprise and public sector customers in 2019.

Five one-day information and networking events were organized by the Cyber Security Coalition, in which we are actively involved as co-founder and member. Each event addressed a dedicated topic such as secure applications, cyber threat intelligence, trust services, assessing & insuring cyber risks and security of drones. Currently 9 focus groups, gathering top experts from Coalition member organizations, are active: Awareness, Cyber Security Act, NIS, Privacy, Cloud Security, Cryptography, CSIRT-SOC, Enterprise Security Architecture and Governance and Risk & Compliance.

Educating society

Twice a year our employees — trained by partner organization Child Focus — visit primary schools to make children aware of safe and responsible Internet usage. They reached 10,300 children in 185 schools in 2019 (vs 10,259 children in 212 schools in 2018).

To reach undergraduates, in 2019 Proximus CSIRT organized for the third consecutive year a full-day 'Capture the Flag' contest for 50 students following the new cross-university master's in cyber security (regrouping the ULB, UCLouvain, U-Namur and the Royal Military School) and 25 students from HOWEST, following the Professional Bachelor of Applied Computer Science (Computer & Cybercrime Professional).

In 2019, Proximus handled 94 requests from law enforcement authorities to block access to websites. We cooperate closely with the judicial authorities and help them in their investigation in the context of criminal offences such as the possession and distribution of images related to child pornography. In order to protect our customers from fraud, like phishing via fake Proximus websites, the Proximus CSIRT is closely monitoring any attempts to attack our customers and is usually able to take down phishing websites in a matter of hours after the attacks were launched. In 2019, we were faced with 210 phishing attacks against our customers.

We believe in lifelong learning. We collaborate with CyberWayFinder, offering women who want to change career paths the opportunity to join the cyber security world (through on-the-job experience). In 2019, we welcomed two women trainees in our cyber security teams.

In 2020, we want to extend the reach of our training programs and learning partnerships to new schools and universities. Via our Safer Internet Day, we want to reach 12,000 students in the coming year. We will also continue to optimize internal processes to allow an efficient "privacy by design" approach.

Safe and private data: trusted gatekeeper

As a telecommunications company and supplier of digital services, we process enormous amounts of personal data. It goes without saying that these data must remain confidential and secure. To this end, we apply strict rules and policies within our company that respect GDPR legislation.

Proximus further extended the privacy settings within the MyProximus app and website to allow our customers to efficiently choose how we process their personal data.

Throughout 2019, several internal awareness initiatives via internal blogs and videos stressed the importance of privacy, e.g. during the Security Week 2019 or via the digital learning tool "Data and analytics at Proximus".

To show our commitment to protecting personal data and privacy, we took a series of actions:

- appointing a Data Protection Officer (DPO);
- developing a consent management system;
- implementing data subject rights processes, a “privacy by design” process, security screening and corrective measures for our IT application.

A dedicated internal audit assignment concerning data usage and data acquisition within the consumer business unit has been conducted in 2019.

Digital innovation

Digital innovations will shape the future of our economy and society. Not only do we want to increase the digital possibilities of our customers; we also want to have an impact on social and ecological challenges. That is why we are opting for open innovation: we work together with academia, support start-ups and co-create solutions with innovation partners.

KPI	Results 2019	Results 2018
IoT connections	1,82 Mio	1,36 Mio
Number of projects with universities/education institutes	20	39

Supporting young companies, start-ups and scale-ups

As a catalyst for young companies, start-ups and scale-ups, we share our know-how, experience and infrastructure, and we collaborate on concrete projects. This way we stimulate innovation and boost our digital economy.

Co.Station

Since 2017, Proximus has been a partner of Co.Station. This innovation eco-system, with offices in Ghent, Brussels and Charleroi, has the ambition to lift the Belgian technology sector to a higher level by bringing established companies, startups, scale-ups and experts together so that they can stimulate one another.

Imec.istart

We collaborate with Imec.istart, the world-leading Belgian R&D and innovation hub in nanoelectronics and digital technologies. We work together on programs & technologies such as Smart Cities and artificial intelligence.

ThinkChallenges

ThinkChallenges is a portal where start-ups and academics can compete for selection to further co-create with Proximus. Business, operational and sustainability challenges for which Proximus is seeking a solution are shared with the community. In 2019, we partnered with iReachm to develop our Voice Assist-solution for enterprise customers.

FinTech

We support the ecosystem of FinTech start-ups and companies offering innovative solutions for the financial world. FinTech represents the digitalization of next-generation financial services with cheaper, faster and highly customer-centric services. As an active member of the FinTech ecosystem, Proximus enables the digitalization of financial sector clients through cutting-edge solutions like DigitalKYC, blockchain, artificial intelligence and cloud services.

As an active member of the Luxembourg House of Financial Technology, Proximus Luxembourg enables the development of services which meet specific industry needs for the benefit of the entire Proximus Group and its customers.

Microsoft Innovation Center

Proximus is structural partner of the Microsoft Innovation Center (MIC) Belgium. This public-private partnership with the Walloon Region and Microsoft inspires, educates and fosters digital entrepreneurship. In 2019, we jointly participated in “Hack in the Woods”, a coding festival bringing together developers around societal goals.

Proximus API Solutions

Proximus API Solutions addresses the new, digital economy challenges of B2B business market with innovative API based solutions to help businesses in their digital transformation. Any business can enjoy this digital environment linked to a whole ecosystem of affiliates and partners to easily build today's and tomorrow's new solutions.

Academic collaboration: shaping the digital future together

Proximus collaborates intensively with universities and university colleges. We gain access to innovative solutions and academic insights. In exchange, they can use our data, infrastructure and resources to put their ideas into practice.

To work more efficiently, we installed a central governance body in 2019, the Academics Board. This serves to align internal stakeholders and to evaluate the proposed projects and the availability of resources and budget to execute them.

We have collaboration projects at ULB/VUB, UCLouvain, KULeuven and UGent in the domains of Security, AI, mobile and fixed networking, and IoT.

With UGent, we jointly create collaboration projects in telecom and ICT and cooperate on doctoral research and theses. We are currently working together on several projects, such as studying exposure to air pollution or making a predictive analysis of criminal offences, both by using data from our mobile network.

Demand is rising for employees with strong digital skills. That is why we want to cooperate even more closely with the academic world in specific domains such as artificial intelligence or cyber security and on aligning training courses with the fast-evolving labor market.

In 2019, 149 young people did an internship at Proximus. It gives them the opportunity to acquire new digital knowledge and consider to start a career within Proximus.

Innovative solutions addressing societal challenges

We are convinced that we have an important role to play in creating a strong digital Belgium. We want to help companies in their digital transformation, to build a robust digital economy in Belgium as well as tackle societal problems together in terms of mobility, safety, energy and climate.

To deliver on this, we invest massively in our current and future networks and infrastructure with the deployment of fiber and the continuous improvement of our mobile network in anticipation of 5G. On the other hand, we continue to invest heavily in the right skills and services that push the digital economy forward: IoT, data analytics & artificial intelligence, cyber security, cloud transformation, application integration and application development.

This is largely supported by Proximus Accelerators, our ecosystem of IT affiliates, augmented with in-house developments and industry-specific partnerships. The system provides us with a unique combination of assets to create solutions and applications that create an added value for companies, industries and the end user.

Each year, we organize the ThinkThings event for our enterprise customers and partners to give an overview of the countless possibilities of IoT and data analytics.

IoT, driving many smart solutions

Proximus is Belgium's leading IoT connectivity provider — with more than 1.8 million connections, using different wireless technologies (LTE, LoRa, NB-IoT) and offering strong platforms. It is a critical component in many of the smart solutions we develop.

Smart energy and climate

Within the framework of the IO.Energy open innovation initiative, initiated by the Belgian ecosystem of energy providers, Proximus is co-creating an advanced solution. Its purpose: to radically improve energy efficiency in and across large buildings. With our IoT platform we also enable the country-wide roll-out of smart meters in Belgium.

Smart buildings and venues

Together with leading Belgian construction company Besix we develop a variety of smart building solutions in various domains: energy efficiency, hospitality, advanced workspace management and physical security services. Proximus also delivers unique experiences to visitors and owners of large venues such as exhibition spaces, sports facilities or hospitals. We do so by providing mobile applications and digital platforms for parking guidance and optimization, visitor hospitality and on-site guidance, as well as advanced visitor analytics services. As such, in 2019 we collaborated to the digital transformation of the Tour & Taxis site in Brussels.

Smart mobility and logistics

Our affiliate Be-Mobile is one of the leading Smart Mobility companies. It helps to solve complex mobility problems through parking, tolling and multi-modal mobility solutions. A well-known example is 4411, a parking solution used by 58 cities in Belgium. In 2019, Be-Mobile launched a pilot to predict the weather on a small-scale level using floating car data — in co-operation with imec, Verhaert, Inuits, bpost and the Royal Meteorological Institute (RMI) of Belgium. It is our common ambition to improve road safety by warning drivers in time for dangerous weather conditions.

Smart cities and safety

In Flanders we are a part of the City of Things project, where we work together with the research center Imec, academics and many cities to test new network communication enablers and solutions. We co-create innovative Smart City services with citizens and an ecosystem of commercial partners.

Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee

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 have extensive expertise in accounting and audit. The Chairwoman of the Audit & Compliance Committee, Mrs. Catherine Vandenborre holds a degree in Business Economics as well as degrees in Tax and Financial Risk Management. Mr. Paul Van de Perre holds a Master degree in Economics and several postgraduate degrees. The Chairwoman and the majority of the members exercised several board or executive mandates in large Belgian or international companies.

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 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 (formerly Strategic & Business Development 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).

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 its new Code of Conduct in 2016, 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 their 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 their 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, 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 the accounting manuals and other 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

Major risks and uncertainties are reported in the caption 'Most important risks and uncertainties'.

Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption 'Most important risks and uncertainties'.

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, the maximum term for independent directors is limited to twelve years.

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 Belgian State:

Name	Age	Position	Term
Stefaan De Clerck ⁽¹⁾	68	Chairman	2013 – 2019
Guillaume Boutin ⁽⁴⁾	45	Chief Executive Officer	2019 - 2020
Dominique Leroy ⁽²⁾	55	Chief Executive Officer	2014 – 2019
Karel De Gucht	66	Director	2015 – 2021
Martine Durez ⁽¹⁾	69	Director	1994 – 2019
Laurent Levaux ^{(1) (3)}	64	Director	2013 - 2019
Isabelle Santens ⁽¹⁾	60	Director	2013 - 2019
Paul Van de Perre ⁽¹⁾	67	Director	1994 - 2019

(1) By decision of 29 July 2019 the Board of Directors co-opted these members until the AGM to be held on 15 April 2020

(2) Until 20 September 2019

(3) Until 16 October 2019.

(4) By decision of 12 December 2019 the Board of Directors co-opted this member until the AGM to be held on 15 April 2020

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

Name	Age	Position	Term
Pierre Demuelenaere	61	Independent director	2011 - 2021
Guido J.M. Demuyne ⁽¹⁾	69	Independent director	2007 - 2019
Martin De Prycker ⁽²⁾	65	Independent director	2015 - 2023
Tanuja Randery ⁽³⁾	53	Independent director	2016 - 2019
Catherine Rutten ⁽⁴⁾	51	Independent director	2019 - 2023
Joachim Sonne ⁽⁵⁾	45	Independent director	2019 - 2020
Agnès Touraine	65	Independent director	2014 - 2022
Catherine Vandendorpe	49	Independent director	2014 - 2022
Luc Van den hove	60	Independent director	2016 - 2020

(1) End of mandate on 17 April 2019

(2) Reappointed on 17 April 2019

(3) Until 31 May 2019

(4) Appointed on 17 April 2019

(5) By decision of 29 July 2019 the Board of Directors co-opted this member until the AGM to be held on 15 April 2020

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 (formerly Strategic & Business Development Committee).

The members of the Audit & Compliance Committee are: Mrs. Catherine Vandenborre (Chairwoman as of 17 April 2019), Messrs. Guido J.M. Demuynck (Chairman, until 17 April 2019), Stefaan De Clerck, Pierre Demuelenaere, Joachim Sonne (as of 19 September 2019), Paul Van de Perre and Mrs. Catherine Rutten (as of 2 May 2019).

The members of the Nomination & Remuneration Committee are: Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere, Guido J.M. Demuynck (until 17 April 2019), Martin De Prycker, Luc Van den hove (as of 19 September 2019) 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, Mrs. Tanuja Randery (until 31 May 2019) 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

As a result of the latest evaluation, the Board reflected on the role of the ‘Strategic & Business Development Committee’ and decided to change this as of 2018 into a ‘Transformation & Innovation Committee’, which is a permanent committee of the Board, discussing those selected files of diverse nature that need preparatory reflection and need to mature before being brought to the Board for decision. This Committee will be convened at the request of the Chairman or the Board whenever required by the interest of the company.

The Board of Directors will decide after the General Shareholders Meeting of 2020 on the organization of a new external evaluation.

Executive Committee

Chief Executive Officer

The mandate of Mrs. Dominique Leroy ended on 20 September 2019.

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 Board of Directors also co-opted on 12 December 2019 Mr. Guillaume Boutin as member of the Board until the next AGM.

The members of the Proximus Executive Committee, other than Mr. Guillaume Boutin, the CEO, are Mrs. Sandrine Dufour, Messrs. Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen and Bart Van Den Meersche.

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, its purpose and results are described below.

Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through employees' unique capabilities, experiences and all other characteristics unrelated to someone's abilities, will help to 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 Charter on diversity and equal rights, which applies to all employees of the Proximus Group.

With this policy Proximus wants to enable conditions, where these differences are recognized and respected, and where all employees are given equal opportunities. 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 mind-set of respect and openness throughout all levels of the organization and treating all employees fairly and equally
- Demonstrating behaviour 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 the 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 about the importance of diversity at all levels of the organization and concentrates on recruiting employees with an inclusion and growth mindset. Once they are part of the company, we ensure that they are the best ambassadors of our company values by including a part on our inclusion program and philosophy in our welcome days as well as in all related trainings for team leaders, experts, trainees, ...

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

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

- 38% of the Board of Directors
- 14% of the Executive Committee
- 23,8% of the members of the Leadership Team
- 33% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 48 nationalities.

Proximus supports internal and external diversity network activities and initiatives such as the AfroPean network (APN). We have a Diamond Sponsorship in the organization "Women on Board" and started a partnership with KliQ, an organisation with expertise in the fields of sexual diversity and gender diversity. We will keep on focusing on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

Creation of a culture that allows to reconcile activities during the different life phases

Proximus wants to create conditions to allow its personnel to reconcile the different aspects of their professional and private life during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home child care, ... These measures allow 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 founding partner of "Experience@Work". Thanks to this company, experienced talents from organizations can be deployed in other organizations which are looking for specific experience and/or talent.

Diversity as part of Proximus code of conduct

Proximus' mission consists in opening up a world of digital opportunities, so people live better and work smarter. This also means that we have to earn and keep the trust of our customers, our employees, our suppliers, our shareholders, our partners and the company as a whole.

Successful business must go hand in hand with honest and ethical behaviour. Each employee has a crucial role to play in this matter. This is the reason why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules which are the foundations of our engagement to be a socially responsible company. The Code of Conduct applies to everyone: Board Directors, managers and all employees. Although the Code of Conduct cannot directly be imposed to our business partners, we seek to always work with partners respecting the same ethical standards.

Proximus expects its employees to respect the Code of Conduct and use it as a reference in their day-to-day way of working.

Human rights

People are entitled to be treated with respect, care and dignity. Proximus business practices can only be sustainable if we respect basic human rights and value diversity, cultural and other differences. Our Code of Conduct, values and behaviour are inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the European Convention on Human Rights and the United Nations Convention on the Rights of the Child.

Working conditions

Proximus is committed to creating working conditions which promote fair employment practices and where 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 Labour 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 labour or any form of forced or compulsory labour as defined by ILO 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, by the corporate governance code and by the market practices and trends. Our company is taking particular care to provide relevant and transparent information on the principles and the level of remuneration of the members of the Board of Directors and of the Executive Committee, as well as an overview of the key elements of the remuneration policy of the Proximus Group.

Remuneration of the members of the Board of Directors

Directors' remuneration policy

The principle of continuity with the past has been maintained. The policy adopted by the General Assembly of 2004 has remained applicable in 2019 and no substantial change of the policy is expected for the coming two years.

The CEO, Mr. Guillaume Boutin, who is the only executive Director, 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 remuneration policy of the non-executive Directors foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors. All members of the Board of Directors have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors. For the Chairman of the respective advisory committee, these attendance fees are doubled. These amounts, defined in 2004, have remained unchanged since then and are not subject to indexation.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

These remunerations are granted on an annual basis pro rata temporis of the duration of the mandate during the year in question and are paid semi-annually.

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

As mentioned in the Corporate Governance statement part of the Annual Report, our company complies with the 2020 Belgian Code on Corporate Governance with the exception of two deviations. One of these deviations is related to the provision 7.6 which stipulates that a non-executive board member should receive part of their 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.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandenborre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates.

Overview of Directors' Remuneration

The total amount of the remunerations granted in 2019 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 1,243,509.

The individual Directors' gross amounts paid out to the Directors in 2019, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

These amounts have been granted based on ten Board meetings, four being extraordinary and remunerated Board meetings, and sixteen Committee meetings, five being extraordinary and remunerated Nomination & Remuneration Committees.

Activities report and attendance to Board and Committee meetings

Name	Board (total 10*)	ACC (total 5)	NRC (total 9**)	TIC (total 2)	Total yearly gross remuneration***
Stefaan De Clerck	10/10	5/5	9/9	2/2	224,305 €
Guillaume Boutin****	1/1				0 €
Dominique Leroy****	5/5			1/1	0 €
Karel De Gucht	10/10			2/2	82,000 €
Pierre Demuelenaere	9/10	5/5	8/9		104,500 €
Guido J.M. Demuyck	2/2	1/1	0/1		23,025 €
Martin De Prycker	10/10		9/9	2/2	104,500 €
Martine Durez	10/10		9/9		99,500 €
Laurent Levaux	4/7				41,411 €
Tanuja Randery	3/3				26,250 €
Catherine Rutten	8/8	4/4			69,050 €
Isabelle Santens	10/10				77,000 €
Joachim Sonne	4/5	2/2			36,468 €
Agnès Touraine	10/10			2/2	82,000 €
Catherine Vandenborre	10/10	5/5			99,500 €
Luc Van den hove	9/10		3/5	2/2	84,500 €
Paul Van de Perre	10/10	5/5			89,500 €

ACC: Audit & Compliance Committee; NRC: Nomination & Remuneration Committee; TIC: Transformation & Innovation Committee

* Extraordinary remunerated Board meetings on January 8, July 11, September 14 and November 27, 2019

** Extraordinary remunerated NRC meetings on July 23, October 16, November 12, November 19 and November 20, 2019

*** Total remuneration

- gross amounts on a yearly basis

- for all members of the Board, this amount includes the telecom advantage

- for the Chairman of the Board, this amount also includes the benefit in kind related to the use of a company car:

**** Chief Executive Officer: the mandate of Mrs. Dominique Leroy ended on 20 September 2019. In its meeting of 27 November 2019, the Board appointed Mr. Guillaume Boutin as new CEO. The Board also co-opted on 12 December 2019 Mr. Guillaume Boutin as member of the Board until the next General Meeting of Shareholders.

Global reward policy and principles

Our Group has an innovative remuneration policy which is regularly assessed and updated through close cooperation with external human resources fora and universities. The remuneration policies of our employees are defined in a process of dialogue with the Board of Directors and with the social partners.

Because of our history as a public-service company, there are some differences in our dynamics and structure, compared to the private sector. This has a considerable influence on how our remuneration policy has evolved. Our Human Resources department has developed creative and adaptable programs to deal with its obligations related to the statutory employment status of some of its workforce and introduced new elements that harmonized policies between civil servants and contractual employees.

To accomplish our company goals within a highly and fast changing competitive global telecom market, we need qualified, talented and engaged employees working in close cooperation in a high performance culture. To foster this culture, it is critical to have a 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.

The main objectives of our Global Rewards Program are:

- To drive performance that generates long-term profitable growth and create long-term value for our Group;
- To stimulate empowerment that reinforces the business strategy and desired culture;
- 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 and the promotion of the company values and culture;
- To link pay to both individual performance and the overall success of our company;
- 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 as a whole

Our company also maintains -and modernizes - powerful public sector instruments, such as work-life benefits (e.g. sick child care, hospitalisation,...) and social assistance. It is the responsibility of our Work-Life department to combine the needs and responsibilities of employees and their families with those of the company and society as a whole. Over the years, we have won several awards for the continuous efforts of our company to create a balanced working environment for its staff.

The Global Rewards Program keeps up and supports this goal and mission.

Executive Remuneration

Procedure for drafting of the remuneration policy and defining of the remuneration level of the members of the Executive Committee

Both the executive remuneration policy and the individual remuneration packages for the CEO and the other members of the Executive Committee are set by the Board of Directors upon recommendations from the Nomination & Remuneration Committee. The individual remuneration packages are defined according to the individual responsibilities and skills.

It consists of a balanced executive remuneration policy rewarding executives competitively and at rates which are attractive in the market, aligning the interests of management and shareholders and complying with the governance rules applicable in Belgium. As mentioned in the Corporate Governance statement part of the Annual Report, our company complies with the 2020 Belgian Corporate Governance Code with the exception of two deviations. One of these deviations is related to the provision 7.9 that stipulates that the Board should set a minimum threshold of shares to be held by the executives. Because of its specific shareholdership, having the Belgian State as majority shareholder, the company opts not to be compliant with this provision.

Our company wants to attract and retain high performing top executives for its Executive Committee and wants to recognize clear role models, who deliver a high level of performance and promote the company 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 its executives 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.

A claw back stipulation is part of the contract as CEO signed with Mr. Boutin, enabling our company to recover the paid variable remuneration or to withhold the payment of this variable remuneration in case of established fraud, insofar as enforceable by law. As for the other members of the Executive Committee, current remuneration policy does not provide for a specific contractual claw back stipulation in favour of our company for the variable remuneration that might have been allocated to them on the basis of incorrect financial information. But in the future, all new employment contracts of members of the Executive Committee others than the CEO will include a claw back stipulation similar to the one mentioned in the management services agreement of the CEO, as to comply with the Belgian companies and Associations Code.

To distinguish ourselves from other employers, our company seeks to excel in the total package offered, by providing not only a cash remuneration but also numerous other benefits.

A fundamental principle 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 mean of their variable remuneration.

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

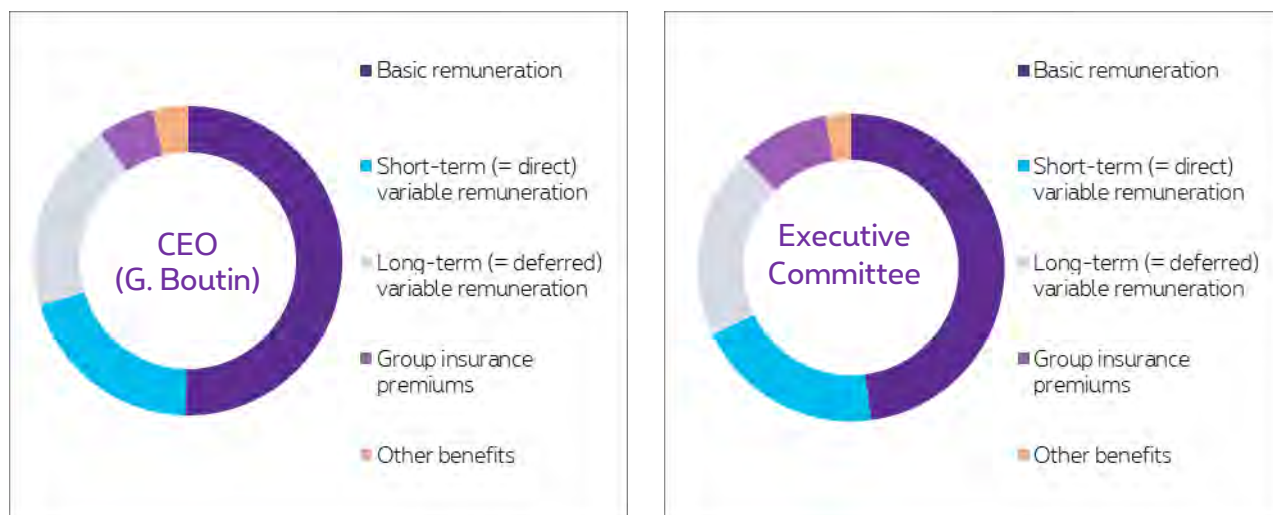
Executive Committee's remuneration structure

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

- Basic remuneration
- Short-term variable remuneration
- Long-term variable remuneration
- Group insurance premiums and other benefits

The relationship between the distinct remuneration components of the CEO and of the other members of the Executive Committee is illustrated in the graphs below. These graphs show the relative importance of the various components of on-target remuneration.

Relative importance of various components of the on-target remuneration before employer's social contribution (end 2019)



As per their respective contract, current CEO, Mr. Boutin, and the other members of the Executive Committee are entitled to both a short-term variable remuneration and a long-term variable remuneration with equal target percentages of the basic remuneration.

As per her contract, the former CEO, Mrs. Leroy, was not entitled to a long-term variable remuneration, she was only entitled to a short-term variable remuneration which payment was spread over 3 years. The amounts of CEO variable remuneration reported later in present document are the amounts allocated to Mrs. Leroy in 2018 and 2019.

The variable remuneration of Mr. Boutin as new CEO has been aligned on the policy related to short-term and long-term variable remuneration in force for the other members of the Executive Committee.

As mentioned later in this report, the long-term variable remuneration for the Executive Committee members, CEO included, is allocated through a long-term incentives plan consisting of a long-term Performance Value Plan which awards can only be paid after a blocking period of three years based on performance criteria measured on a yearly base over this period of three years.

The design of this Performance Value Plan has been reviewed. Since the 2019 grant, in order to better reflect the Group's achievements, additional company driven performance criteria have been added to the Total

Shareholder Return, which was the only performance criterion of previous plan. These additional performance criteria consist of the Group free cash flow and the reputation index (see under “long-term variable remuneration”).

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

Basic remuneration

The basic remuneration consists of a basic 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, is allocated regardless of the results and is contractually subject to the index applicable to Proximus.

The basic remuneration of the Executive Committee members is regularly reviewed by the Nomination & Remuneration Committee, based on an extensive review of performance and assessment of potential provided by the CEO, as well as on external benchmarking data on market practices. Thereby, the evolution of the basic remuneration depends on the competency level of the Executive Committee member, of his or her continued performance level, of the evolution of his or her responsibilities, as well as of the evolution of the market. Possible adjustments are always submitted to the Board of Directors for approval.

Basic remuneration in kEUR before employer social contribution



* CEO: it should be noted that the for 2019 reported amount includes the basic remuneration of Mrs. Leroy (385 kEUR) and the basic remuneration of Mr. Boutin for 1 month (44 kEUR).

** Members of the Executive Committee others than the CEO: year-to-year variations in the amounts are mainly resulting from the early pay-out of the vacation pay to Mr. Boutin as per the termination of his employment contract as contractual member of the Executive Committee end 2019. Besides, salary progresses also took place in 2019, as per Board of Directors' approval.

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

Short-term variable remuneration

Short-term variable remuneration components

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 Group success.

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

Group performance - Key Performance Indicators (KPIs)

Short-term annual variable remuneration is thus partly calculated – for 60% – in relation to performance against Key Performance Indicators (KPI's) set by the Board of Directors upon recommendation of the Nomination & Remuneration Committee. These performance indicators include financial indicators as well as non-financial indicators at Group level.

The performance indicators at Group level are as follows:

- the business cash flow
- the number of new customers in voice, fix, internet and TV businesses, as well as churn reduction
- the Simplification, the Digital and the Customer Experience, measuring our progresses versus our ambition in these domains
- the “employee engagement index”, measuring on a yearly basis our employees’ engagement, agility and strategic alignment.

The achievement of these KPI's are regularly followed-up and communicated. Business cash flows is based on audited reported financial figures that are adjusted to obtain ‘underlying’ financial figures after exclusion of ‘incidentals’. Non-financial indicators are measured by internal and external agencies specialized in market and customer intelligence, of which the processes are audited on a regular basis.

The result at Group level is based on a predefined formula taking these key performance indicators into consideration according to a predefined weight per indicator.

Individual performance

On top of the Group results, the individual performance is annually evaluated in the course of the first quarter following the end of the year by the Board of Directors. This evaluation is based on the recommendations made by the Nomination & Remuneration Committee versus pre-defined measurable individual objectives and versus the promotion of our company values and culture.

The individual performance is taken into account for 40% in the short-term variable remuneration. Besides the individual differentiation in terms of talent, performance and impact on the Group performance, the Board of Directors ensures the consistency between the total allocated amount for the individual performance and the Group results.

Short-term variable remuneration allocation

The members of the Executive Committee, current CEO included, receive a target short-term variable remuneration expressed in a percentage of the basic remuneration.

The target short-term variable remuneration of current CEO, Mr. Boutin, is amounting to 40% of his basic remuneration. Given he started his mandate in December 2019, no short-term variable remuneration has been granted yet to him in the course of 2019 for his performances in his CEO role.

The amounts reported in current document as direct and deferred short-term variable remuneration allocated to the CEO are only related to Mrs. Leroy's previous performances in her CEO role. As CEO, Mrs. Leroy was receiving a target short-term variable remuneration amounting to gross EUR 150,000, which amount was subject to the index applicable to Proximus.

As explained above, the short-term variable remuneration is allocated by the Board of Directors upon proposal of the Nomination & Remuneration Committee. The amount effectively allocated to the CEO and to the other members of the Executive Committee varies according to the Group results and to the evaluation of the individual performances by the Board of Directors.

In case of objectives realisation at 100%, the CEO or the other members of the Executive Committee gets 100% of his short-term variable remuneration target amount. In case of sustained 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 underachievement.

As per her contract, the payment of the short-term variable remuneration to Mrs. Dominique Leroy in her CEO role was spread over 3 years: 50% of her variable remuneration was related to performance indicators of the accounting year (= direct short-term variable remuneration) while the other 50% was deferred: 25% was related to performance indicators pertaining over a period of 2 years and 25% was related to performance indicators pertaining over a period of 3 years (= deferred short-term variable remuneration).

In the last couple of years, the Board of Directors did a positive evaluation of the realizations of Mrs. Leroy in her CEO role, given the overachievement of her objectives and the long term value she had created since her nomination in this role.

In 2019, a direct and a deferred short-term variable remuneration were allocated to her for respectively gross EUR 105,859 (performance indicators related to 2018) and gross EUR 109,802 (EUR 55,792 linked to performance indicators related to 2017 and EUR 54,010 linked to performance indicators related to 2016). Upon termination of her mandate, Ms. Leroy kept her rights in terms of short-term variable remuneration, both direct and deferred, which is due to her for the performance years 2017 to 2019 and which will be paid to her in the course of 2020.

The total short-term variable remuneration effectively allocated in 2019 to the other members of the Executive Committee (2018 performance year) amounts to gross EUR 1,070,733.

Short-term variable remuneration in kEUR before employer social contribution.



* Members of the Executive Committee, CEO included: the variations are due to the variations in the Group KPI results over the last performance years, knowing that these results slightly decreased for performance year 2018 compared to performance year 2017.

Long-term variable remuneration

The members of the Executive Committee, current CEO included, receive a target long-term variable remuneration expressed as a percentage of the annual basic remuneration. This percentage is the same as the percentage of their target short-term variable remuneration.

The long-term variable remuneration is allocated to the members of the Executive Committee by the Board of Directors upon recommendations of the Nomination & Remuneration Committee. Various factors are considered for the decisions taken by the Board of Directors in terms of effective allocation, such as the retention of talents, the individual performance evaluations or/and the Group results. This allocation is made through a long-term incentives plan, currently consisting of a long-term Performance Value Plan which has been adopted by our company since 2013 and reviewed in 2019.

Long-term Performance Value Plan

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

Our Performance Value Plan is based on a balance between the individual and the Group performances.

The design of this Performance Value Plan has been reviewed further to a benchmark analysis, aimed at a better alignment on market practices and more particularly on the practices of the other European telecommunications companies.

Since the 2019 grant, in order to reflect at best the Group's achievements, the following performance criteria have been adopted:

- Total Shareholder Return: measured against the respective Total Shareholder Return of a basket of 10 other European telecom operators
- Group free cash flow: after tax, interests and all cash items but before M&A, exceptional items, financing activities and dividends
- Reputation index: based on 3 attributes being our fairness in the way we do business, our positive influence on the society and how we meet customer needs, and measured through the RepTrak® methodology from the Reputation Institute

Under this Performance Value Plan, the granted awards are blocked for a period of 3 years, after which the Performance Values vest. After this vesting, the Performance Values are paid to the beneficiaries according to the final multiplier resulting from the yearly measurement of the performance criteria. This final multiplier consists in the average of the three yearly multipliers.

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

The target long-term variable remuneration of current CEO, Mr. Boutin, is amounting to 40% of his basic remuneration. Given he started his mandate in December 2019, no long-term variable remuneration has been granted yet to him in the course of 2019 for his performances in his CEO role.

The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration, so no long-term variable remuneration has been granted to her since her nomination. As a consequence, there is no amount reported in current document.

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross EUR 1,025,000 EUR in 2018 and to gross EUR 1,055,000 EUR in 2019.

Long-term variable remuneration in kEUR before employer social contribution



Former long-term variable remuneration plan: Stock Options Plan

Stock options have been granted to the senior executives from 2004 until 2012, members of the Executive Committee included.

Only one member of the Executive Committee was still holding stock options end 2018, as shown in the table below, but now neither the CEO nor the other members of the Executive Committee hold any more stock options.

In 2018 and 2019, the CEO and the other members of the Executive Committee did not receive any Proximus shares nor Proximus stock options.

Overview of the stock options still held by the members of the Executive Committee

Bart VAN DEN MEERSCHE		
STOCK OPTIONS		
on January 1 st , 2019		15.000
Exercised in 2019	Number	15.000
	Year of grant	2012
Lapsed in 2019	Number	
	Year of grant	
Forfeited in 2019	Number	
	Year of grant	
on December 31, 2019		0

The CEO, Mr. Boutin, and the other members of the Executive Committee do not hold stock options.

Group insurance premiums and other benefits

Group insurance premiums

The CEO, Mr. Boutin, participates in a complementary pension scheme which foresees an annual defined contribution expressed as a percentage of the basic remuneration. This percentage is amounting to 10%.

The other members of the Executive Committee are participating in a complementary pension scheme. This complementary pension scheme consists of a "Defined Benefit Plan" offering rights which are in line with market practices.

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.

Other benefits

Our Group wants to stimulate its executives by offering a portfolio of benefits and advantages that are competitive in the market place 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.

General overview

Below chart reflects the remuneration and other benefits allocated directly or indirectly to the members of the Executive Committee in 2019 and 2018 by the company or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

It should be noted that the global remuneration has been affected by the fact that in 2019 there was no active CEO for about 2 months while in 2018 Mrs. Leroy acted for a full year, and by the variations in terms of Group KPI results over the last performance years.

Remuneration overview of the members of the Executive Committee

REMUNERATION	CEO		Other members of the Executive Committee	
	2018	2019	2018	2019
Basic remuneration	522.810 €	429.498 €* *	2.466.946 €	2.632.038 €
Direct short-term variable remuneration	111.585 €	105.859 €	1.110.745 €	1.070.733 €
Deferred short-term variable remuneration	113.710 €	109.802 €	0 €	0 €
Long-Term variable remuneration	0 €	0 €	1.025.000 €	1.055.000 €
Retirement and post-employment benefits	180.003 €	157.433 €* *	494.319 €	529.369 €
Other benefits	12.438 €	17.619 €* *	124.172 €	145.588 €
SUBTOTAL (excl. employer's social contribution)	940.546 €	820.211 €	5.221.182 €	5.432.728 €
Termination benefits	0 €	0 €	0 €	0 €
TOTAL (excl. employer's social contribution)	940.546 €	820.211 €	5.221.182 €	5.432.728 €

* It should be noted that in 2019 there was no active CEO for about 2 months: the reported amounts include the remuneration of Mrs. Leroy for about 8,5 months and the remuneration of Mr. Boutin for 1 month, while in 2018 Mrs. Leroy acted for a full year.

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.

Main provisions of the contractual relationships

Contractual agreement related to the mandate of the CEO

The mandate of Mrs. Leroy as CEO ended on 20 September 2019.

In its meeting of 27 November 2019, the Board appointed Mr. Boutin as new CEO. The Board also co-opted on 12 December 2019 Mr. Boutin as member of the Board until the next General Meeting of Shareholders.

In his CEO role, Mr. Boutin has a contract as a self-employed executive and is thus not subject to employees' social security charges.

The CEO is bound by a non-competition clause, prohibiting him for 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, he would receive an amount equal to one year's base salary 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 him a contractual termination indemnity equal to one year's base fee and target short-term variable remuneration.

Main contractual terms of the other Executive Committee members

All other members of the Executive Committee are all bound by a non-competition clause prohibiting them for 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, they would receive an amount equal to six months' base salary as compensation.

Just like the CEO, the other members of the Executive Committee are 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.

They have a contractual termination clause which foresees an indemnity of one year's remuneration.

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, Mrs. D. Leroy, CEO, declared during the Board of Directors of 28 February 2019 to have a conflict of interest in connection with her performance evaluation for 2018, 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 2018"

In accordance with article 523 of the Belgian Companies Code, the CEO, Mrs D. Leroy, informs the Board and the external auditor having a conflict of interest in connection with her performance evaluation for 2018. 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 2018.

The CEO leaves the meeting.

Upon the Committee's recommendation, the Board:

- decides that the percentage of 200 % reflects at best the individual performance of the CEO for the Performance Year 2018.*
- determines the total pay-out in 2019 as follows: 50 % of the result 2018 (105.859 EUR) + 25 % of the result in 2017 (55.792 EUR) + 25 % of the result 2016 (54.010 EUR) = 215.661 EUR.*

The contract does not foresee in any long term incentives (value performance) for the CEO.

This closes the item on the conflict of interest."

In accordance with article 7:96 of the Belgian Code of Companies and Associations, Stefaan De Clerck, Martine Durez, Laurent Levaux, Isabelle Santens and Paul Van de Perre declared during the Board of Directors of 29 July 2019 to have a conflict of interest in connection with the item on their co-optation until the annual general meeting of April 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:

"Debriefing Nomination & Remuneration Committee"

The mandates of 5 other State appointed members come to an end before the next General Assembly. According to the Bylaws, the Board has the power to fill in these mandates up to the General Assembly of April 2020.

In accordance with article 523 of the Belgian Companies Code, Board members Stefaan De Clerck, Martine Durez, Laurent Levaux, Isabelle Santens and Paul Van de Perre inform the Board and the external auditor to have a conflict of interest in connection with the item on their co-optation until the annual general meeting of April 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 2019.

Upon the Committee's recommendation, the Board decides to extend the mandate of Stefaan De Clerck (ending on 20 September 2019) and the mandates of Martine Durez, Paul Van de Perre,

Laurent Levaux and Isabelle Santens (ending on 27 September 2019) up to the next General Assembly of April 2020.

This closes the item on the conflict of interest.”

In accordance with article 7:96 of the Belgian Code of Companies and Associations, Mrs. D. Leroy, CEO, declared during the Board of Directors of 14 September 2019 to have a conflict of interest in connection with the CEO 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:

“CEO

In accordance with article 7:96 of the new Belgian Code of Companies and Associations, CEO & Board member Dominique Leroy informs the Board and the external auditor to have a conflict of interest in connection with the item on the agenda. 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 2019.

With the aim to restore a serene climate within the company, the Board decides to commonly agree with Mrs. Leroy that she will step down as CEO and Board member on September 20, 2019.

The Chairman is mandated to negotiate the modalities of the end of the contract with the CEO.

This closes the conflict of interest.”

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 31/12/2019
PROXIMUS OPAL S.A.	O. Moumal D. Lybaert
BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) S.A.	S. Dufour D. Lybaert M. Gatta J. Van Acoleyen K. Vandeweyer
CONNECTIMMO S.A.	J. Joos S. De Clerck S. Dufour P. Delcoigne
PROXIMUS LUXEMBOURG S.A.	S. Dufour M. Gatta M. Lindemans R. Tilmans J. Van Acoleyen B. Van Den Meersche K. Van Parys B. Watteeuw
TELINDUS-ISIT BV	P. Van Der Perren B. Watteeuw
PROXIMUS MEDIA HOUSE (PmH) (formerly SKYNET iMOTION ACTIVITIES S.A.)	Not applicable
BELGIAN MOBILE ID S.A.	B. Van Den Meersche
PXS RE S.A.	L. Kervyn de Meerendré O. Moumal
BE-MOBILE S.A.	S. Dufour B. Van Den Meersche
CASCADOR SPRL	D. Lybaert (permanent representative of Proximus Opal S.A.)
PROXIMUS SpearIT S.A.	S. Bovy G. Rottier B. Van Den Meersche P. Van Der Perren D. Van Eynde B. Watteeuw

PROXIMUS ICT-EXPERT COMMUNITY (PIEC) S.C.R.L.	P. Herremans (permanent representative of Proximus SpearIT S.A.) S. Bovy (permanent representative of Proximus Opal S.A.) B. Watteeuw (permanent representative of Proximus S.A.) D. Van Eynde (permanent representative of Proximus Luxembourg S.A.)
CLEARMEDIA S.A.	B. Watteeuw S. Bovy D. Van Eynde O. Malherbe S. Huijbrechts
SCARLET BELGIUM S.A.	J. Castele O. Crucq C. Deltenre V. Licoppe S. Röckmann K. Vandeweyer
DAVINSI LABS S.A.	C. Crous B. Watteeuw P. Van Der Perren
Unbrace SPRL	S. Huijbrechts O. Malherbe B. Watteeuw
Codit Holding SPRL	B. Watteeuw T. Dhondt P. Van Der Perren
Tessares S.A.	M. Gatta T. Dhondt
Co-Station SA	V. Hebbelynck J. Sonck
MWingz SRL	S. Dufour D. Lybaert J. Van Acoleyen

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 (formerly Skynet iMotion Activities SA): 13,000 EUR.
- Annual Remuneration of Mr. Philip Taillieu, representing Avantix BVBA, 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 Statutory Auditors SCRL, Gateway Building, Luchthaven Brussel Nationaal 1J, 1930 Zaventem, represented by Mr. Geert Vertstraeten and of CDP Petit & Co SPRL 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. The mandate of Mr. Pierre Rion has been renewed on 10 February 2016.

Auditor responsible for certifications of the consolidated accounts of Proximus Group

The mandate of Deloitte Statutory Auditors SCRL represented by Mr. Geert Verstraeten and CDP Petit & Co SPRL 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 the bylaws, Mr. Luc Van den hove as candidate independent member of the Board of Directors which corresponds with a renewal of his mandate until the annual general meeting of 2024.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of the bylaws, Mr. Joachim Sonne (who was co-opted by the Board of Directors on 29 July 2019) as candidate independent member of the Board of Directors for a period which will expire at the annual general meeting of 2024.

Appointment of a new Board Member 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, appointment of Mr. Guillaume Boutin, as co-opted by the Board of Directors on 12 December 2019, as Board Member for a period expiring on the date of the annual general meeting of 2024.

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

Laurent Levaux, Stefaan De Clerck, Martine Durez, Isabelle Santens, and Paul van de Perre have been appointed by the Belgian State. Laurent Levaux resigned 16 October 2019. The term of office of the other Board Members will expire at this annual general meeting on 15 April 2020. In accordance with Article 18, § 3 of Proximus' bylaws, the Belgian State has the right to nominate for appointment candidates to the Nomination and Remuneration Committee for these five vacancies. At the date of this invitation, the Belgian State has not yet exercised its right to nominate for appointment candidates. The Board of Directors continues to urge the Belgian State to nominate candidates as soon as possible. Should the Belgian State still nominate for appointment candidates, this will then be immediately announced on the Proximus website, together with all available information. When applicable, the Nomination and Remuneration Committee will immediately submit its advice to the Board of Directors, which will nominate the candidates concerned to the annual general meeting that will vote on their appointment. In the absence of the exercise of the right by the Belgian State, the Board of Directors will propose to the annual general meeting to extend the current mandates in order not to compromise, in the interest of Proximus, the continuity within, and the proper functioning of the company's Board of Directors. In such case the Board of Directors will propose to extend the mandates for a term of only 2 years and not for the normal term of 4 years so to give to the Belgian State all flexibility to propose other candidates at the annual general meeting of 2022.

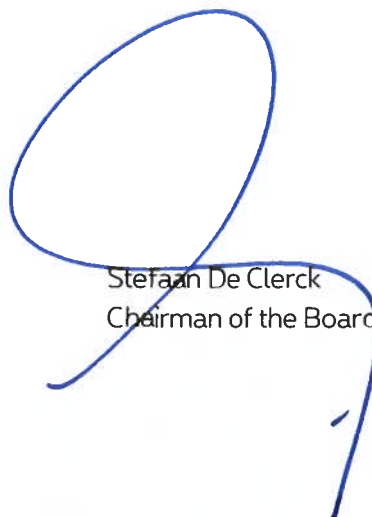
Yours truly,

On behalf of the Board of Directors,

Brussels, 20 February 2020



Guillaume Boutin
Chief Executive Officer



Stefaan De Clerck
Chairman of the Board of Directors

40				1	EUR
NAT.	Date of the deposition	No. 0202.239.951	pp.	E.	D.
					C 1

**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE DEPOSITED
IN ACCORDANCE WITH THE COMPANIES CODE**

IDENTIFICATION (on the date of deposition)

NAME: **PROXIMUS**

Legal form: **S.A. de droit public**

Address: **Boulevard du Roi Albert II-Koning Albert II laan**

Nr.: **27**

Postal Code: **1030**

City: **Brussel 3**

Country: **Belgium**

Register of Legal Persons (RLP) - Office of the Business Court at: **Brussel, Dutch-speaking**

Internet address : ¹

Company number: **0202.239.951**

DATE **03/05/2016** of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNTS **IN EURO** ²

ANNUAL ACCOUNTS approved by by the General Meeting of

15/04/2020

concerning the financial year covering the period from

01/01/2019

till

31/12/2019

Previous period from

01/01/2018

till

31/12/2018

The amounts of the previous financial year are / ~~are not~~ ³ identical to those which have been previously published.

Total number of pages deposited: **66**

Number of the pages of the standard form not deposited for not being

of service: 6.1, 6.2.1, 6.2.2, 6.2.5, 6.3.6, 6.5.2, 9, 12, 13, 14, 15, 16

Signature
(name and position)
BOUTIN Guillaume
Chief Executive Officer

Signature
(name and position)
DE CLERCK Stefaan
Chairman

¹ Optional statement.

² If necessary, adjust the unit and currency in which the amounts are expressed

³ Delete where appropriate.

This annual account concerns a company that is subject to the provisions of the new Belgian Companies and Associations Code dated 23 March 2019: Yes / ~~No~~⁴

Companies required to draw up and submit their annual accounts in accordance with the provisions of the Belgian Companies and Associations Code also use this model. The following applies for these annual accounts:

- 'Belgian Companies Code' should be understood to mean 'Belgian Companies and Associations Code'.
- In the following sections, the articles of the Belgian Companies Code refer to the following articles of the Belgian Companies and Associations Code.

<u>Section</u>	<u>Belgian Companies Code</u>	<u>Belgian Companies and Associations Code</u>
C 6.7.2	art. 631, §2 and 632, §2	art. 7:225
C 6.16	art. 134	art. 3:64, §2 and §4
C 6.18.1	art. 16	art. 1:26
	art. 110	art. 3:23
	art. 113, §2 and §3	art. 3:26, §2 and §3
C 6.18.2	art. 134, §4 and §5	art. 3:65, §4 and §5
	art. 134	art. 3:64, §2 and §4
C 11	art. 100, §1, 6°/3	art. 3:12, §1, 9°
C 12	art. 261, 1st and 3rd paragraph	art. 5:77, §1
C 13	art. 646, §2, 4th paragraph	art. 7:231, 3rd paragraph
C 14	art. 938 and art. 1001	art. 15:29 and art. 16:27
C 15	art. 100, §1, 6°/1	art. 3:12, §1, 7°

- Code 11 'Share premium account' should be understood to mean 'Contributions (- Beyond capital)'.
- Code 6503 'Capitalised interests' should be understood to mean 6502 'Capitalised interests' by reason of the new minimum layout of the general chart of accounts.

The company is a company without share capital: ~~Yes~~ / No⁵

If so, the amounts included under code 11 'Share premium account' must be broken down according to 'Contributions – Available' and 'Contributions – Not available'.

Contributions	Period
Available	
Not available	

⁴ Delete where appropriate.

⁵ Delete where appropriate.

Nr.	0202.239.951	C 2.1

LIST OF DIRECTORS, MANAGERS AND AUDITORS

LEROY Dominique, Chief Executive Officer (until 20/9/2019)
Avenue du Putdael 6, 1150 Brussels, BELGIUM

BOUTIN Guillaume, Chief Executive Officer and Managing Director (as of 1/12/2019)
Rue Darwin 27, 1050 Brussels, BELGIUM

DE CLERCK Stefaan, Chairman of the Board of Directors
Damkaai 7, 8500 Kortrijk, BELGIUM

DE GUCHT Karel, President of the Institute of European Studies and Director of Companies
Hoogstraat 9, 9290 Berlare, BELGIUM
Director

DUREZ Martine, Director of Companies
Avenue de Saint-Pierre 34, 7000 Mons, BELGIUM
Director

LEVAUX Laurent, Director of Companies (until 16/10/2019)
Avenue du Maréchal 25, 1180 Uccle, BELGIUM
Director

SANTENS Isabelle, Director of Companies
Wannegem-Ledestraat 36, 9772 Kruisem, BELGIUM
Director

VAN de PERRE Paul, CEO Five Financial Solutions
Leliestraat 80, 1702 Dilbeek, BELGIUM
Director

Representatives of shareholders other than the Belgian State:

DEMUELENAERE Pierre, Director of Companies
Rue des Couteliers 24, 1490 Court Saint-Etienne, BELGIUM
Director

DEMUYNCK Guido J.M., Director of Companies (end of mandate 17/4/2019)
Wagnerlaan 11, 1217 CP Hilversum, THE NETHERLANDS
Director

DE PRYCKER Martin, Managing Partner Qbic Fund
De Cauwerstraat 41, 9100 Sint-Niklaas, BELGIUM
Director

TOURAIN Agnès, Chef d'entreprise
5 Rue de Budé, 75004 Paris, FRANCE
Director

VANDENBORRE Catherine, Chief Financial Officer Elia
Clos du Champ de Bourgeois 11, 1330 Rixensart, BELGIUM
Director

RANDERY Tanuja, Private Equity NED and Operating Advisor (until 31/5/2019)
19A Lexham Mews, W8 6JW London, UNITED KINGDOM
Director

RUTTEN Catherine, CEO pharma.be (as of 17/4/2019)
Avenue Emile Van Becelaere 107, 1170 Watermael-Boitsfort, BELGIUM
Director

SONNE Joachim, Finance Advisor (as of 29/7/2019)
25 Howard Building, 368 Queenstown Road, London SW11 8NN, UNITED KINGDOM
Director

VAN DEN HOVE Luc, President & CEO imec
Jachthuislaan 29, 3210 Lubbeek, BELGIUM
Director

Nr.	0202.239.951	C 2.1

LIST OF DIRECTORS, MANAGERS AND AUDITORS (continuation of the previous page)

DELOITTE, Réviseurs d'entreprises S.C.R.L

Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM

Chairman of the Board of Auditors

Company number: BE 0429.053.863

Number of membership with the Institute of Auditors: B00025

Represented by Geert Verstraeten

Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM

Auditor

Number of membership with the Institute of Auditors: A01481

DEBUCQUOY Jan, Councillor Auditor's Office

Oude Sint-Gommarusstraat 27, 2800 Mechelen, BELGIUM

Auditor

RION Pierre, Councillor Auditor's Office

Rue Nestor-Bouillon 41A, 5377 Sinsin, BELGIUM

Auditor

CDP Petit & Co SRL

Square de l'Arbalète 6, 1170 Watermael-Boitsfort, BELGIUM

Auditor

Company number: BE 0670.625.336

Number of membership with the Institute of Auditors: B00938

Represented by Damien Petit

Avenue Princesse Paola 6, 1410 Waterloo, BELGIUM

Auditor

Number of membership with the Institute of Auditors: A01500

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

Have the annual accounts been audited or adjusted by an external accountant or auditor who is not an statutory auditor ? ~~Yes~~ / No

If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:

- A. Bookkeeping of the undertaking **,
- B. Preparing the annual accounts **,
- C. Auditing the annual accounts and/or
- D. Adjusting the annual accounts.

If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

* Delete where appropriate.

** Optional disclosure.

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Period	Previous period
ASSETS				
FORMATION EXPENSES	6.1	20		
FIXED ASSETS		21/28	6.349.418.087	14.713.672.435
Intangible fixed assets	6.2	21	2.388.781.287	2.715.325.772
Tangible fixed assets	6.3	22/27	2.716.226.861	2.744.519.316
Land and buildings		22	111.013.223	118.763.289
Plant, machinery and equipment		23	2.573.508.155	2.587.351.840
Furniture and vehicles		24	14.168.846	16.502.032
Leasing and other rights		25	198.877	255.050
Other tangible fixed assets		26	17.337.760	21.647.105
Tangible assets under construction and advance payments made		27		
Financial fixed assets	6.4 / 6.5.1	28	1.244.409.939	9.253.827.347
Affiliated enterprises	6.15	280/1	1.238.111.531	9.245.493.584
Participating interests		280	1.238.111.531	9.245.493.584
Amounts receivable		281		
Other enterprises linked by participating interests	6.15	282/3	3.925.594	5.687.187
Participating interests		282	3.925.594	4.687.187
Amounts receivable		283		1.000.000
Other financial assets		284/8	2.372.814	2.646.576
Shares		284		322.500
Amounts receivable and cash guarantees		285/8	2.372.814	2.324.076

	Notes	Codes	Period	Previous period
CURRENT ASSETS		29/58	1.425.566.670	1.454.143.501
Amounts receivable after more than one year		29	89.013.383	144.013.383
Trade debtors		290		
Other amounts receivable		291	89.013.383	144.013.383
Stocks and contracts in progress		3	118.809.580	117.745.795
Stocks		30/36	97.136.523	94.580.543
Raw materials and consumables		30/31	34.068.812	32.613.936
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34	63.067.711	61.966.607
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37	21.673.057	23.165.252
Amounts receivable within one year		40/41	573.068.008	546.848.795
Trade debtors		40	429.492.850	480.346.482
Other amounts receivable		41	143.575.158	66.502.313
Current investments	6.5.1 / 6.6	50/53	398.631.626	545.867.761
Own shares		50	383.947.044	362.040.193
Other investments and deposits		51/53	14.684.582	183.827.568
Cash at bank and in hand		54/58	183.259.831	45.448.196
Deferred charges and accrued income	6.6	490/1	62.784.242	54.219.571
TOTAL ASSETS		20/58	7.774.984.757	16.167.815.936

	Notes	Codes	Period	Previous period
EQUITY AND LIABILITIES				
EQUITY		10/15	1.674.500.685	1.804.176.373
Capital	6.7.1	10	1.000.000.000	1.000.000.000
Issued capital		100	1.000.000.000	1.000.000.000
Uncalled capital ⁴		101		
Share premium account		11		
Revaluation surpluses		12		
Reserves		13	507.212.579	486.520.464
Legal reserve		130	100.000.000	100.000.000
Reserves not available		131	398.723.795	377.376.025
In respect of own shares held		1310	383.947.044	362.040.194
Others		1311	14.776.751	15.335.831
Untaxed reserves		132	8.488.784	9.144.439
Available reserves		133		
Accumulated profits (losses)(+)/(-)		14	167.288.106	317.655.909
Investment grants		15		
Advance to associates on the sharing out of the assets ⁵		19		
PROVISIONS AND DEFERRED TAXES		16	913.260.950	664.336.688
Provisions for liabilities and charges		160/5	911.964.942	662.764.172
Pensions and similar obligations		160		
Taxation		161		
Major repairs and maintenance		162		
Environmental liabilities		163	2.571.430	2.617.138
Other risks and costs	6.8	164/5	909.393.512	660.147.034
Deferred taxes		168	1.296.008	1.572.516

⁴ Amount to be deducted from the issued capital.

⁵ Amount to be deducted from the other components of equity.

	Notes	Codes	Period	Previous period
AMOUNTS PAYABLE		17/49	5.187.223.122	13.699.302.875
Amounts payable after more than one year	6.9	17	2.737.656.018	11.957.891.578
Financial debts		170/4	2.632.314.041	11.851.555.462
Subordinated loans		170		
Unsubordinated debentures		171	1.956.314.041	1.855.648.547
Leasing and other similar obligations		172		
Credit institutions		173	400.000.000	9.395.906.915
Other loans		174	276.000.000	600.000.000
Trade debts		175	105.341.977	103.680.351
Suppliers		1750	105.341.977	103.680.351
Bills of exchange payable		1751		
Advances received on contracts in progress		176		
Other amounts payable		178/9		2.655.765
Amounts payable within one year	6.9	42/48	2.361.580.551	1.613.056.274
Current portion of amounts payable after more than one year falling due within one year		42	78.310.971	93.025.069
Financial debts		43	996.127.562	231.000.000
Credit institutions		430/8	156.000.000	231.000.000
Other loans		439	840.127.562	
Trade debts		44	639.207.326	648.453.701
Suppliers		440/4	639.207.326	648.453.701
Bills of exchange payable		441		
Advances received on contracts in progress		46	4.599.347	4.850.000
Taxes, remuneration and social security	6.9	45	278.273.418	262.244.789
Taxes		450/3	97.276.173	95.967.993
Remuneration and social security		454/9	180.997.245	166.276.796
Other amounts payable		47/48	365.061.927	373.482.715
Accrued charges and deferred income	6.9	492/3	87.986.553	128.355.023
TOTAL LIABILITIES		10/49	7.774.984.757	16.167.815.936

INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income and charges		70/76A	4.318.780.745	4.459.834.365
Turnover	6.10	70	3.886.699.793	4.009.935.363
Increase (decrease) in stocks of finished goods, work and contracts in progress(+)/(-)		71	-1.492.195	7.257.339
Own construction capitalised		72	371.881.360	383.771.952
Other operating income	6.10	74	60.400.643	58.578.760
Non-recurring operating income	6.12	76A	1.291.144	290.951
Operating charges		60/66A	4.395.568.631	4.140.898.939
Raw materials, consumables		60	530.922.125	586.911.712
Purchases		600/8	533.534.093	585.251.198
Decrease (increase) in stocks(+)/(-)		609	-2.611.968	1.660.514
Services and other goods		61	1.310.957.202	1.359.186.250
Remuneration, social security costs and pensions ..(+)/(-)	6.10	62	894.677.615	894.436.777
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		630	1.257.410.499	1.204.444.747
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors: Appropriations (write-backs)(+)/(-)		631/4	-9.125.767	-934.407
Provisions for risks and charges - Appropriations (uses and write-backs)(+)/(-)	6.10	635/8	3.044.904	-6.766.368
Other operating charges	6.10	640/8	49.281.175	64.193.915
Operation charges carried to assets as restructuring costs		649		
Non-recurring operating charges	6.12	66A	358.400.878	39.426.313
Operating profit (loss)(+)/(-)		9901	-76.787.886	318.935.426

	Notes	Codes	Period	Previous period
Financial income		75/76B	552.451.168	521.381.808
Recurring financial income		75	109.431.364	511.782.656
Income from financial fixed assets		750	92.032.018	490.592.079
Income from current assets		751	5.924.642	6.250.322
Other financial income	6.11	752/9	11.474.704	14.940.255
Non-recurring financial income	6.12	76B	443.019.804	9.599.152
Financial charges	6.11	65/66B	44.113.680	280.247.166
Recurring financial charges		65	31.040.615	269.225.585
Debt charges		650	47.732.102	204.407.158
Amounts written down on current assets except stocks, contracts in progress and trade debtors(+)/(-)		651	-27.990.766	54.200.574
Other financial charges		652/9	11.299.279	10.617.853
Non recurring financial charges	6.12	66B	13.073.065	11.021.581
Profit (loss) for the period before taxes(+)/(-)		9903	431.549.602	560.070.068
Transfer from postponed taxes		780	276.508	276.508
Transfer to postponed taxes		680		
Income taxes(+)/(-)	6.13	67/77	53.599.656	109.848.353
Income taxes		670/3	58.381.242	117.848.455
Adjustment of income taxes and write-back of tax provisions		77	4.781.586	8.000.102
Profit (loss) for the period(+)/(-)		9904	378.226.454	450.498.223
Transfer from untaxed reserves		789	658.273	658.272
Transfer to untaxed reserves		689	2.618	2.618
Profit (loss) for the period available for appropriation(+)/(-)		9905	378.882.109	451.153.877

APPROPRIATION ACCOUNT

	Codes	Period	Previous period
Profit (loss) to be appropriated(+)/(-)	9906	696.538.018	581.384.115
Gain (loss) to be appropriated(+)/(-)	(9905)	378.882.109	451.153.877
Profit (loss) to be carried forward(+)/(-)	14P	317.655.909	130.230.238
Transfers from capital and reserves	791/2	26.850.224	250.137.210
from capital and share premium account	791		
from reserves	792	26.850.224	250.137.210
Transfers to capital and reserves	691/2	48.197.994	1.259.054
to capital and share premium account	691		
to the legal reserve	6920		
to other reserves	6921	48.197.994	1.259.054
Profit (loss) to be carried forward(+)/(-)	(14)	167.288.106	317.655.909
Owner's contribution in respect of losses	794		
Profit to be distributed	694/7	507.902.142	512.606.362
Dividends	694	486.324.662	484.602.859
Director's or managers' entitlements	695		
Workers	696	21.577.480	28.003.503
Other beneficiaries	697		

	Codes	Period	Previous period
CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS			
Acquisition value at the end of the period	8052P	xxxxxxxxxxxxxxx	3.045.706.583
Movements during the period			
Acquisitions, including produced fixed assets	8022	320.827.976	
Sales and disposals	8032	370.757.646	
Transfers from one heading to another(+)/(-)	8042	9.402.922	
Acquisition value at the end of the period	8052	3.005.179.835	
Depreciation and amounts written down at the end of the period	8122P	xxxxxxxxxxxxxxx	2.292.965.056
Movements during the period			
Recorded	8072	323.888.828	
Written back	8082		
Acquisitions from third parties	8092		
Cancelled owing to sales and disposals	8102	370.757.646	
Transfers from one heading to another(+)/(-)	8112	7.780.935	
Depreciation and amounts written down at the end of the period	8122	2.253.877.173	
NET BOOK VALUE AT THE END OF THE PERIOD	211	<u>751.302.662</u>	

	Codes	Period	Previous period
GOODWILL			
Acquisition value at the end of the period	8053P	xxxxxxxxxxxxxx	5.003.792.121
Movements during the period			
Acquisitions, including produced fixed assets	8023	24.051.357	
Sales and disposals	8033		
Transfers from one heading to another(+)/(-)	8043		
Acquisition value at the end of the period	8053	5.027.843.478	
Depreciation and amounts written down at the end of the period	8123P	xxxxxxxxxxxxxx	3.041.207.876
Movements during the period			
Recorded	8073	349.156.977	
Written back	8083		
Acquisitions from third parties	8093		
Cancelled owing to sales and disposals	8103		
Transfers from one heading to another(+)/(-)	8113		
Depreciation and amounts written down at the end of the period	8123	3.390.364.853	
NET BOOK VALUE AT THE END OF THE PERIOD	212	<u>1.637.478.625</u>	

STATEMENT OF TANGIBLE FIXED ASSETS

	Codes	Period	Previous period
LAND AND BUILDINGS			
Acquisition value at the end of the period	8191P	xxxxxxxxxxxxxx	372.568.371
Movements during the period			
Acquisitions, including produced fixed assets	8161	2.823.633	
Sales and disposals	8171	303.789	
Transfers from one heading to another(+)/(-)	8181	5.800	
Acquisition value at the end of the period	8191	375.094.015	
Revaluation surpluses at the end of the period	8251P	xxxxxxxxxxxxxx	
Movements during the period			
Recorded	8211		
Acquisitions from third parties	8221		
Cancelled	8231		
Transfers from one heading to another(+)/(-)	8241		
Revaluation surpluses at the end of the period	8251		
Depreciation and amounts written down at the end of the period	8321P	xxxxxxxxxxxxxx	253.805.082
Movements during the period			
Recorded	8271	10.573.453	
Written back	8281		
Acquisitions from third parties	8291		
Cancelled owing to sales and disposals	8301	299.366	
Transfers from one heading to another(+)/(-)	8311	1.623	
Depreciation and amounts written down at the end of the period	8321	264.080.792	
NET BOOK VALUE AT THE END OF THE PERIOD	(22)	111.013.223	

	Codes	Period	Previous period
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the period	8192P	xxxxxxxxxxxxxxx	10.704.577.831
Movements during the period			
Acquisitions, including produced fixed assets	8162	590.510.643	
Sales and disposals	8172	499.105.750	
Transfers from one heading to another(+)/(-)	8182	-9.368.167	
Acquisition value at the end of the period	8192	10.786.614.557	
Revaluation surpluses at the end of the period	8252P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8212		
Acquisitions from third parties	8222		
Cancelled	8232		
Transfers from one heading to another(+)/(-)	8242		
Revaluation surpluses at the end of the period	8252		
Depreciation and amounts written down at the end of the period	8322P	xxxxxxxxxxxxxxx	8.117.225.991
Movements during the period			
Recorded	8272	602.777.879	
Written back	8282		
Acquisitions from third parties	8292		
Cancelled owing to sales and disposals	8302	499.116.513	
Transfers from one heading to another(+)/(-)	8312	-7.780.955	
Depreciation and amounts written down at the end of the period	8322	8.213.106.402	
NET BOOK VALUE AT THE END OF THE PERIOD	(23)	2.573.508.155	

	Codes	Period	Previous period
FURNITURE AND VEHICLES			
Acquisition value at the end of the period	8193P	xxxxxxxxxxxxxxx	88.381.357
Movements during the period			
Acquisitions, including produced fixed assets	8163	5.170.682	
Sales and disposals	8173	11.510.936	
Transfers from one heading to another(+)/(-)	8183	-42.744	
Acquisition value at the end of the period	8193	81.998.359	
Revaluation surpluses at the end of the period	8253P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8213		
Acquisitions from third parties	8223		
Cancelled	8233		
Transfers from one heading to another(+)/(-)	8243		
Revaluation surpluses at the end of the period	8253		
Depreciation and amounts written down at the end of the period	8323P	xxxxxxxxxxxxxxx	71.879.326
Movements during the period			
Recorded	8273	7.043.932	
Written back	8283		
Acquisitions from third parties	8293		
Cancelled owing to sales and disposals	8303	11.091.387	
Transfers from one heading to another(+)/(-)	8313	-2.358	
Depreciation and amounts written down at the end of the period	8323	67.829.513	
NET BOOK VALUE AT THE END OF THE PERIOD	(24)	14.168.846	

	Codes	Period	Previous period
LEASING AND SIMILAR RIGHTS			
Acquisition value at the end of the period	8194P	xxxxxxxxxxxxxxx	479.963
Movements during the period			
Acquisitions, including produced fixed assets	8164	171.486	
Sales and disposals	8174		
Transfers from one heading to another(+)/(-)	8184		
Acquisition value at the end of the period	8194	651.449	
Revaluation surpluses at the end of the period	8254P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8214		
Acquisitions from third parties	8224		
Cancelled	8234		
Transfers from one heading to another(+)/(-)	8244		
Revaluation surpluses at the end of the period	8254		
Depreciation and amounts written down at the end of the period	8324P	xxxxxxxxxxxxxxx	224.913
Movements during the period			
Recorded	8274	227.659	
Written back	8284		
Acquisitions from third parties	8294		
Cancelled owing to sales and disposals	8304		
Transfers from one heading to another(+)/(-)	8314		
Depreciation and amounts written down at the end of the period	8324	452.572	
NET BOOK VALUE AT THE END OF THE PERIOD	(25)	<u>198.877</u>	
WHEREOF			
Land and buildings	250		
Plant, machinery and equipment	251		
Furniture and vehicles	252	198.877	

	Codes	Period	Previous period
OTHER TANGIBLE FIXED ASSETS			
Acquisition value at the end of the period	8195P	xxxxxxxxxxxxxxx	241.589.912
Movements during the period			
Acquisitions, including produced fixed assets	8165	5.749.310	
Sales and disposals	8175	3.368.369	
Transfers from one heading to another(+)/(-)	8185	2.190	
Acquisition value at the end of the period	8195	243.973.043	
Revaluation surpluses at the end of the period	8255P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8215		
Acquisitions from third parties	8225		
Cancelled	8235		
Transfers from one heading to another(+)/(-)	8245		
Revaluation surpluses at the end of the period	8255		
Depreciation and amounts written down at the end of the period	8325P	xxxxxxxxxxxxxxx	219.942.807
Movements during the period			
Recorded	8275	10.053.750	
Written back	8285		
Acquisitions from third parties	8295		
Cancelled owing to sales and disposals	8305	3.362.028	
Transfers from one heading to another(+)/(-)	8315	754	
Depreciation and amounts written down at the end of the period	8325	226.635.283	
NET BOOK VALUE AT THE END OF THE PERIOD	(26)	17.337.760	

STATEMENT OF FINANCIAL FIXED ASSETS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8391P	xxxxxxxxxxxxxx	9.328.993.256
Movements during the period			
Acquisitions, including produced fixed assets	8361	482.966.516	
Sales and disposals	8371	8.479.787.118	
Transfers from one heading to another(+)/(-)	8381		
Acquisition value at the end of the period	8391	1.332.172.654	
Revaluation surpluses at the end of the period	8451P	xxxxxxxxxxxxxx	
Movements during the period			
Recorded	8411		
Acquisitions from third parties	8421		
Cancelled	8431		
Transfers from one heading to another(+)/(-)	8441		
Revaluation surpluses at the end of the period	8451		
Amounts written down at the end of the period	8521P	xxxxxxxxxxxxxx	83.039.520
Movements during the period			
Recorded	8471	10.561.451	
Written back	8481		
Acquisitions from third parties	8491		
Cancelled owing to sales and disposals	8501		
Transfers from one heading to another(+)/(-)	8511		
Amounts written down at the end of the period	8521	93.600.971	
Uncalled amounts at the end of the period	8551P	xxxxxxxxxxxxxx	460.152
Movements during the period(+)/(-)	8541		
Uncalled amounts at the end of the period	8551	460.152	
NET BOOK VALUE AT THE END OF THE PERIOD	(280)	1.238.111.531	
AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	281P	xxxxxxxxxxxxxx	
Movements during the period			
Additions	8581		
Repayments	8591		
Amounts written down	8601		
Amounts written back	8611		
Exchange differences(+)/(-)	8621		
Other(+)/(-)	8631		
NET BOOK VALUE AT THE END OF THE PERIOD	(281)		
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD	8651		

	Codes	Period	Previous period
ENTERPRISES LINKED BY A PARTICIPATING INTEREST - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8392P	xxxxxxxxxxxxxxx	9.789.416
Movements during the period			
Acquisitions, including produced fixed assets	8362	738.407	
Sales and disposals	8372		
Transfers from one heading to another(+)/(-)	8382		
Acquisition value at the end of the period	8392	10.527.823	
Revaluation surpluses at the end of the period	8452P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8412		
Acquisitions from third parties	8422		
Cancelled	8432		
Transfers from one heading to another(+)/(-)	8442		
Revaluation surpluses at the end of the period	8452		
Amounts written down at the end of the period	8522P	xxxxxxxxxxxxxxx	4.363.822
Movements during the period			
Recorded	8472	1.500.000	
Written back	8482		
Acquisitions from third parties	8492		
Cancelled owing to sales and disposals	8502		
Transfers from one heading to another(+)/(-)	8512		
Amounts written down at the end of the period	8522	5.863.822	
Uncalled amounts at the end of the period	8552P	xxxxxxxxxxxxxxx	738.407
Movements during the period(+)/(-)	8542		
Uncalled amounts at the end of the period	8552	738.407	
NET BOOK VALUE AT THE END OF THE PERIOD	(282)	3.925.594	
ENTERPRISES LINKED BY A PARTICIPATING INTEREST - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	283P	xxxxxxxxxxxxxxx	1.000.000
Movements during the period			
Additions	8582		
Repayments	8592		
Amounts written down	8602	1.000.000	
Amounts written back	8612		
Exchange differences(+)/(-)	8622		
Other(+)/(-)	8632		
NET BOOK VALUE AT THE END OF THE PERIOD	(283)		
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD	8652	3.925.594	

	Codes	Period	Previous period
OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8393P	xxxxxxxxxxxxxxx	322.500
Movements during the period			
Acquisitions, including produced fixed assets	8363		
Sales and disposals	8373	322.500	
Transfers from one heading to another(+)/(-)	8383		
Acquisition value at the end of the period	8393		
Revaluation surpluses at the end of the period	8453P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8413		
Acquisitions from third parties	8423		
Cancelled	8433		
Transfers from one heading to another(+)/(-)	8443		
Revaluation surpluses at the end of the period	8453		
Amounts written down at the end of the period	8523P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8473		
Written back	8483		
Acquisitions from third parties	8493		
Cancelled owing to sales and disposals	8503		
Transfers from one heading to another(+)/(-)	8513		
Amounts written down at the end of the period	8523		
Uncalled amounts at the end of the period	8553P	xxxxxxxxxxxxxxx	
Movements during the period(+)/(-)	8543		
Uncalled amounts at the end of the period	8553		
NET BOOK VALUE AT THE END OF THE PERIOD	(284)		
OTHER ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	285/8P	xxxxxxxxxxxxxxx	2.324.076
Movements during the period			
Additions	8583	550.128	
Repayments	8593	501.390	
Amounts written down	8603		
Amounts written back	8613		
Exchange differences(+)/(-)	8623		
Other(+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE PERIOD	(285/8)	2.372.814	
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD	8653		

Nr.	0202.239.951	C 6.5.1

INFORMATION RELATING TO THE SHARE IN THE CAPITAL

SHARE IN THE CAPITAL AND OTHER RIGHTS IN OTHER COMPANIES

List of both enterprises in which the enterprise holds a participating interest (recorded in the headings 280 and 282 of assets) and other enterprises in which the enterprise holds rights (recorded in the headings 284 and 51/53 of assets) in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by				Information from the most recent period for which annual accounts are available			
	Nature	directly		subsidiaries	Primary financial statement	Monetary unit	Capital and reserves	Net result
		Number	%				%	(+) of (-) (in units)
Connectimmo S.A. Boulevard du Roi Albert II 27 1030 Brussel 3 Belgium 0477.931.965		4.865.299	100,00	0,00	31/12/2018	EUR	825.588.565	32.777.385
Proximus Opal S.A. Boulevard du Roi Albert II 27 1030 Brussel 3 Belgium 0861.585.672		620	100,00	0,00	31/12/2018	EUR	69.022	-3.555
Tango rue du Puits Romain 18 8070 Bertrange Luxembourg		200.000	100,00	0,00	31/12/2018	EUR	8.892.305.828	686.144.941
Belgacom International Carrier Services S.A. Rue J. Lebeau 4 1000 Brussel 1 Belgium 0866.977.981		95.250	10,00	0,00	31/12/2018	EUR	137.890.937	69.516.816
Proximus SpearIT S.A. Boulevard du Roi Albert II 27 1030 Schaarbeek Belgium 0826.942.915		4.339	100,00	0,00	31/12/2018	EUR	2.575.413	415.966
Telindus S.A. rue du Puits Romain 18 8070 Bertrange Luxembourg					31/12/2018	EUR	34.205.395	6.576.929
Telindus-Isit B.V. Krommewetering 7 3543 AP Utrecht Netherlands		42.677	100,00	0,00	31/12/2017	EUR	12.977.000	5.461.000

INFORMATION RELATING TO THE SHARE IN THE CAPITAL

SHARE IN THE CAPITAL AND OTHER RIGHTS IN OTHER COMPANIES

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by				Information from the most recent period for which annual accounts are available			
	Nature	directly		subsidiaries	Primary financial statement	Monetary unit	Capital and reserves	Net result
		Number	%				(+) of (-) (in units)	
Belgian Mobile ID S.A. Place Sainte Gudule 5 1000 Brussel 1 Belgium 0541.659.084		73.093	15,00	0,00	31/12/2018	EUR	8.270.161	-7.009.759
Proximus ICT-Expert Community C.V.B.A. Ferdinand Allenstraat 38 3290 Diest Belgium 0841.396.905		1	0,68	81,50	31/12/2018	EUR	248.453	103.735
Proximus Media House S.A. Rue Carli 2 1140 Brussel 14 Belgium 0875.092.626		19.999	100,00	0,00	31/12/2018	EUR	50.497.039	3.698.800
Scarlet Belgium S.A. Rue Carli 2 1140 Brussel 14 Belgium 0447.976.484		850.342	100,00	0,00	31/12/2018	EUR	13.892.154	6.783.622
Synductis C.V.B.A. Brusselsesteenweg 199 9090 Melle Belgium 0502.445.845		310	16,67	0,00	31/12/2018	EUR	19.500	0
Experience@work C.V.B.A. Minderbroedergang 12 2800 Mechelen Belgium 0627.819.632		30	30,00	0,00	31/12/2018	EUR	203.664	57.679
Tessares S.A. Rue Louis de Geer 6 1348 Louvain-la-Neuve Belgium 0600.810.278		43.200	23,18	0,00	31/12/2018	EUR	1.495.129	-943.608

Nr.	0202.239.951	C 6.5.1

INFORMATION RELATING TO THE SHARE IN THE CAPITAL

SHARE IN THE CAPITAL AND OTHER RIGHTS IN OTHER COMPANIES

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by				Information from the most recent period for which annual accounts are available			
	Nature	directly		subsidiaries	Primary financial statement	Mone- tary unit	Capital and reserves	Net result
		Number	%				%	(+) of (-) (in units)
BE-Mobile NV Kardinaal Mercierlaan 1 , box A 9090 Melle Belgium 0881.959.533		192.292	61,02	0,00	31/12/2018	EUR	34.034.039	4.668.819
Davinsi Labs NV Borsbeeksebrug 28 2600 Berchem (Antwerpen) Belgium 0550.853.793		1.854	100,00	0,00	31/12/2018	EUR	2.753.978	949.043
Co.Station Belgium NV Sinter-Goedelevoorplein 5 1000 Brussel 1 Belgium 0599.786.434		4.000	20,00	0,00	31/12/2018	EUR	628.716	-212.549
Codit Holding BVBA Gaston Crommenlaan 14 9050 Ledeberg (Gent) Belgium 0662.946.401		10.275.228	100,00	0,00	31/12/2018	EUR	11.517.607	1.629.247
Cascador BVBA Kardinaal Mercierlaan 1 , box A 9090 Melle Belgium 0648.964.048		4.300	100,00	0,00	31/12/2018	EUR	16.988.264	-6.174

STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

STATEMENT OF CAPITAL

Social capital

Issued capital at the end of the period

Issued capital at the end of the period

Codes	Period	Previous period
100P	XXXXXXXXXXXXXX	1.000.000.000
(100)	1.000.000.000	

Changes during the period

Structure of the capital

Different categories of shares

Bearer shares w/o specification of nominal value

Registered shares

Registered shares

Shares dematerialized

Codes	Amounts	Number of shares
	421.049.183	142.325.207
	578.950.817	195.699.928
8702	XXXXXXXXXXXXXX	195.699.928
8703	XXXXXXXXXXXXXX	142.325.207

Capital not paid

Uncalled capital

Capital called, but not paid

Shareholders having yet to pay up in full

Codes	Uncalled capital	Capital called, but not paid
(101)		XXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXX	

OWN SHARES

Held by the company itself

Amount of capital held

Number of shares held

Held by the subsidiaries

Amount of capital held

Number of shares held

Commitments to issue shares

Owing to the exercise of conversion rights

Amount of outstanding convertible loans

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Owing to the exercise of subscription rights

Number of outstanding subscription rights

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Authorized capital, not issued

Codes	Period
8721	44.501.501
8722	15.042.626
8731	
8732	
8740	
8741	
8742	
8745	
8746	
8747	
8751	

Shared issued, not representing capital

Distribution

Number of shares held

Number of voting rights attached thereto

Allocation by shareholder

Number of shares held by the company itself

Number of shares held by its subsidiaries

Codes	Period
8761	
8762	
8771	
8781	

STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE

as shown by the notifications received by the company in accordance with the Companies Code, Article 631 §2 and Article 632 §2; the act of 2 May 2007 on the disclosure of major holdings, Article 14, paragraph four; and the Royal Decree of 21 August 2008 comprising further rules on certain multilateral trading facilities, Article 5.

NAME of the person who own the corporate rights of the company, indicating the ADDRESS (of the registered office, if it is a legal entity) and the BUSINESS NUMBER, if it is a business incorporated under Belgian law.	Corporate rights held			
	Nature	Number of voting rights		%
		Attached to shares	Not associated with shares	
Belgische Staat FOD/SPF Etat belge Mobilité en Vervoer/ M Aarlenstraat 10 1040 Brussel 4 Belgium	Registered	180.887.569	0	53,51
Proximus NV/SA van publiek recht/ de droit public Koning Albert-II laan 27 1030 Brussel 3 Belgium 0202.239.951	Registered	14.600.000	0	4,32
Proximus NV/SA van publiek recht/ de droit public Koning Albert-II laan 27 1030 Brussel 3 Belgium 0202.239.951	Dematerialized	442.626	0	0,13
BlackRock Inc. East 52nd Street 55 NY 1005 New York United States of America . .	Dematerialized	17.143.882	0	5,07

Additional information

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Belgian Companies Code.

The Board of Directors is by article 13 of the bylaws empowered to acquire, within the legal limits, the maximum number of own shares permitted by law. The price paid for these shares must not be more than 5% above the highest closing price in the 30-day trading period preceding the transaction, and no more than 10% below the lowest closing price in that same 30-day trading period. This mandate is granted for a period of five years as of 20 April 2016.

PROVISIONS FOR OTHER LIABILITIES AND CHARGES

ANALYSIS OF THE HEADING 164/5 OF LIABILITIES IF THE AMOUNT IS SIGNIFICANT

	Period
Social benefits for personnel and retirees	424.434.796
Provision for Statutory Employees made available	18.527.554
Early Leave Plans	416.255.001
Pending litigations	14.817.766
Annuity due to work accidents	28.578.351
Other	6.780.044

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM

Current portion of amounts payable after more than one year falling due within one year

	Codes	Period
Financial debts	8801	
Subordinated loans	8811	
Unsubordinated debentures	8821	
Leasing and other similar obligations	8831	
Credit institutions	8841	
Other loans	8851	
Trade debts	8861	73.510.971
Suppliers	8871	73.510.971
Bills of exchange payable	8881	
Advance payments received on contracts in progress	8891	
Other amounts payable	8901	4.800.000
Total amounts payable after more than one year, not more than one year	(42)	78.310.971

Amounts payable after more than one year, between one and five years

Financial debts	8802	1.474.937.632
Subordinated loans	8812	
Unsubordinated debentures	8822	1.198.937.632
Leasing and other similar obligations	8832	
Credit institutions	8842	
Other loans	8852	276.000.000
Trade debts	8862	57.868.004
Suppliers	8872	57.868.004
Bills of exchange payable	8882	
Advance payments received on contracts in progress	8892	
Other amounts payable	8902	
Total amounts payable after more than one year, between one and five years	8912	1.532.805.636

Amounts payable after more than one year, over five years

Financial debts	8803	1.157.376.409
Subordinated loans	8813	
Unsubordinated debentures	8823	757.376.409
Leasing and other similar obligations	8833	
Credit institutions	8843	400.000.000
Other loans	8853	
Trade debts	8863	47.473.973
Suppliers	8873	47.473.973
Bills of exchange payable	8883	
Advance payments received on contracts in progress	8893	
Other amounts payable	8903	
Total amounts payable after more than one year, over five years	8913	1.204.850.382

AMOUNTS PAYABLE GUARANTEED (headings 17 and 42/48 of liabilities)

Amounts payable guaranteed by Belgian public authorities

Financial debts	8921
Subordinated loans	8931
Unsubordinated debentures	8941
Leasing and other similar obligations	8951
Credit institutions	8961
Other loans	8971
Trade debts	8981
Suppliers	8991
Bills of exchange payable	9001
Advance payments received on contracts in progress	9011
Remuneration and social security	9021
Other amounts payable	9051
Total amounts payable guaranteed by Belgian public authorities	9061

Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets

Financial debts	8922
Subordinated loans	8932
Unsubordinated debentures	8942
Leasing and other similar obligations	8952
Credit institutions	8962
Other loans	8972
Trade debts	8982
Suppliers	8992
Bills of exchange payable	9002
Advance payments received on contracts in progress	9012
Taxes, remuneration and social security	9022
Taxes	9032
Remuneration and social security	9042
Other amounts payable	9052
Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	9062

AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY

Taxes (headings 450/3 and 178/9 of the liabilities)

Expired taxes payable	9072	
Non expired taxes payable	9073	62.957.152
Estimated taxes payable	450	34.319.021

Remuneration and social security (headings 454/9 and 178/9 of the liabilities)

Amount due to the National Office of Social Security	9076	
Other amounts payable relating to remuneration and social security	9077	180.997.245

ACCRUED CHARGES AND DEFERRED INCOME

Allocation of heading 492/3 of liabilities if the amount is significant

Not yet expired interests on loans
Billed turnover for subsequent periods
Options to issue

Period
24.818.118
61.836.200
1.332.234

	Codes	Period	Previous period
Provisions for pensions			
Additions (uses and write-back) (+)/(-)	635		
Amounts written off			
Stocks and contracts in progress			
Recorded	9110	4.553.841	7.389.030
Written back	9111	4.498.224	8.042.568
Trade debtors			
Recorded	9112	6.047.925	13.312.668
Written back	9113	15.229.309	13.593.537
Provisions for risks and charges			
Additions	9115	6.709.137	9.694.063
Uses and write-back	9116	3.664.233	16.460.431
Other operating charges			
Taxes related to operation	640	16.979.716	38.335.105
Other charges	641/8	32.301.459	25.858.810
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	9096	13	15
Average number calculated as full-time equivalents	9097	14,0	19,0
Number of actual worked hours	9098	20.529	27.988
Charges to the enterprise	617	525.453	724.783

FINANCIAL RESULTS

	Codes	Period	Previous period
RECURRING FINANCIAL INCOME			
Other financial income			
Subsidies granted by public authorities and recorded as income for the period			
Capital subsidies	9125		
Interest subsidies	9126		
Allocation of other financial income			
Exchange gains incl. Report/Deport		7.955.765	6.497.058
Realized capital gains on shares		2.493.572	482.368
Other		1.025.367	74.279
Interests on IRS			7.886.550
RECURRING FINANCIAL CHARGES			
Depreciation of loan issue expenses	6501		
Capitalized Interests	6503		
Amounts written off current assets			
Recorded	6510	25.941.006	100.020.211
Written back	6511	53.931.772	45.819.636
Other financial charges			
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable	653		
Provisions of a financial nature			
Appropriations	6560		
Uses and write-backs	6561		
Allocation of other financial charges			
Exchange losses Incl. Report/Deport		7.861.642	4.847.006
Less value on realisation of own shares		651.757	3.141.384
Miscellaneous bankcosts		1.046.885	1.013.209
Other		1.734.793	1.597.621
Commissions-use of payment means		4.202	18.633

INCOME AND CHARGE OF EXCEPTIONAL SIZE OR INCIDENCE

	Codes	Period	Previous period
NON-RECURRING INCOME	76	444.310.948	9.890.103
Non-recurring operating income	(76A)	1.291.144	290.951
Write-back of depreciation and of amounts written off intangible and tangible fixed assets	760		
Write-back of provisions for extraordinary operating liabilities and charges	7620		
Capital gains on disposal of intangible and tangible fixed asset	7630	713.957	98.345
Other non-recurring operating income	764/8	577.187	192.606
Non-recurring financial income	(76B)	443.019.804	9.599.152
Write-back of amounts written down financial fixed assets	761		9.231.896
Write-back of provisions for extraordinary financial liabilities and charges	7621		
Capital gains on disposal of financial fixed assets	7631	443.019.804	367.256
Other non-recurring financial income	769		
NON-RECURRING EXPENSES	66	371.473.943	50.447.894
Non-recurring operating charges	(66A)	358.400.878	39.426.313
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	660	46.311.979	21.949.743
Provisions for extraordinary operating liabilities and charges: Appropriations (uses)	6620	245.813.053	-37.308.814
Capital losses on disposal of intangible and tangible fixed assets	6630	40.000	
Other non-recurring operating charges	664/7	66.235.846	54.785.384
Non-recurring operating charges carried to assets as restructuring costs	6690		
Non-recurring financial charges	(66B)	13.073.065	11.021.581
Amounts written off financial fixed assets	661	13.061.450	1.790.439
Provisions for extraordinary financial liabilities and charges - Appropriations (uses)	6621		
Capital losses on disposal of financial fixed assets	6631	11.615	9.231.142
Other non-recurring financial charges	668		
Non-recurring financial charges carried to assets as restructuring costs	6691		

INCOME TAXES AND OTHER TAXES

INCOME TAXES

Income taxes on the result of the period	
Income taxes paid and withholding taxes due or paid	
Excess of income tax prepayments and withholding taxes paid recorded under assets	
Estimated additional taxes	
Income taxes on the result of prior periods	
Additional income taxes due or paid	
Additional income taxes estimated or provided for	

In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit

Profit sharing employees

Reserves

Disallowed expenses

Tax deductions/exemptions

Codes	Period
9134	58.381.242
9135	58.207.000
9136	
9137	174.242
9138	
9139	
9140	
	-21.577.480
	352.777.796
	18.517.861
	-586.564.455

Impact of non recurring results on the amount of the income taxes relating to the current period

Capitals gain on shares

Write down/loss on shares

Reversal of write down on shares

Taxable provisions movement

Period
443.019.804
13.073.065
27.990.766
6.212.449

Status of deferred taxes

Deferred taxes representing assets	
Accumulated tax losses deductible from future taxable profits	
Other deferred taxes representing assets	
Temporay taxed provisions	
Excess depreciations	
Other	
Deferred taxes representing liabilities	
Allocation of deferred taxes representing liabilities	

Codes	Period
9141	88.551.621
9142	
	75.455.773
	12.157.783
	938.065
9144	

INCOME TAXES AND OTHER TAXES

VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES

Value added taxes charged

To the enterprise (deductible)
 By the enterprise

Amounts withheld on behalf of third party

For payroll withholding taxes
 For withholding taxes on investment income

Codes	Period	Previous period
9145	287.085.887	323.217.822
9146	768.566.987	779.061.144
9147	181.658.889	185.801.569
9148	57.776.641	45.919.417

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

	Codes	Period
PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES	9149	91.062.846
Of which		
Bills of exchange in circulation endorsed by the enterprise	9150	
Bills of exchange in circulation drawn or guaranteed by the enterprise	9151	
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise	9153	91.062.846
 REAL GUARANTEES		
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise		
Mortgages		
Book value of the immovable properties mortgaged	9161	
Amount of registration	9171	
Pledging of goodwill - Amount of the registration	9181	
Pledging of other assets - Book value of other assets pledged	9191	
Guarantees provided on future assets - Amount of assets involved	9201	
 Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties		
Mortgages		
Book value of the immovable properties mortgaged	9162	
Amount of registration	9172	
Pledging of goodwill - Amount of the registration	9182	
Pledging of other assets - Book value of other assets pledged	9192	
Guarantees provided on future assets - Amount of assets involved	9202	

	Codes	Period
GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE		
 SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS		
 SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS		
Intangible assets		16.093.880
Tangible assets		176.989.329
 FORWARD TRANSACTIONS		
Goods purchased (to be received)	9213	
Goods sold (to be delivered)	9214	
Currencies purchased (to be received)	9215	81.450.533
Currencies sold (to be delivered)	9216	81.450.533

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES

Period

AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS

Period

SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE

Brief description

Within the scope of the policy for the management of the staff members, Proximus has provided a plan under the form of a "defined benefit plan" for complementary pensions applicable to Proximus PLC under Belgian Public Law and some subsidiaries. The employees of Proximus PLC under Belgian Public Law are part of this complementary pension plan.

The rights of the participants of this plan are recognised as from January 1st, 1997 at the earliest. For the execution of these commitments and for the management of the assets that are gathered for this, a Pension Fund has been founded and recognised by R.D. of December 8th, 1998. In 2015 it took the name "Proximus Pensioenfonds O.F.P." / "Fonds de Pension Proximus O.F.P" via the amendment of its articles of incorporation published in the annexes to the Belgian Official Gazette on 09/06/2015.

In 2006 the plan was amended with effect on January 1st, 2005, in 2013 with effect on 01.04.2013 and in 2016 with effect on 01.09.2016. On the basis of an actuarial calculation according to the PUC- method (Project Unit Credit), based on a nominal discount rate of 0,90 % and the expected evolution of the salaries, the total amount of DBO (Defined Benefit Obligation) obligations to the staff members of Proximus PLC under Belgian Public Law amounts to Amount 727.441 KEUR on December 31st, 2019.

The amount of obligations of this fund (Proximus S.A. de droit public/N.V. van publiek recht including some subsidiaries) amounts to 778.917 KEUR on December 31st, 2019 (the obligation contains the taxes on the amount of the possible underfunding). The fund is funded on the basis of the annual periodic cost, also calculated according to the PUC-method. On December 31st, 2019 the total investments portfolio of this fund amounts to 729.790KEUR.

Following the advice of the CBN 2018/15 issued 20 June 2018, the valuation of the pension liabilities under Belgian GAAP needs to be based on current salaries, without considering future salary developments. In addition, as required by Belgian law, the plan assets in the pension fund more than fully cover the prudent calculation of the vested benefits per 31 December 2019. On this basis, no provision for underfunding needs to be recognized in Belgian statutory annual accounts.

Measures taken by the enterprise to cover the resulting charges

PENSIONS FUNDED BY THE ENTERPRISE

Estimated amount of the commitments resulting from past services

Methods of estimation

Code	Period
9220	

NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT

Period

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE

The put option refers to the right granted by Proximus to the non-controlling interests of one of its subsidiary to sell their shares

Period
5.929.289

NATURE AND COMMERCIAL OBJECTIVE OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET

Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company

Period

OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)

Period

OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET:

Commitments:

Currency and Interest rate swaps (swap of fixed into variable rate)	10,882,069
Rent commitments	
buildings	119,732,187
sites	86,757,321
technical or network equipment	13,552,293
vehicles	43,411,535
Delivery of shares due to granted share options	701,021
Distribution of dividends due to granted share options	536,231

Received guarantees:

to cover Proximus PLC under Belgian Public Law from banks (bank guarantees)	27,669,152
to cover commitments from third parties towards Proximus PLC under Belgian Public Law from banks (bank guarantees)	17,655,530
guarantees by third parties	5,000,000
as deposit at the "Caisse des Dépôts et Consignation"	1,502,298

Rights:

Credit line long term	600,000,000
Credit line short term	125,000,000
Credit line intercompany	36,450,000
Right of emission of commercial papers	1,000,000,000
of which emitted	156,000,000
Right of emission of Euro Medium Term Notes	3,500,000,000
of which emitted	1,950,000,000
Currency and Interest rate swaps (swap of fixed into variable rate)	10,882,069

In the context of various acquisitions, there are contingent commitments (earn outs & put options) for a total amount of 11.6 million euros per end of 2019. These obligations are payable between 2019 and 2022 to the extent that the agreed conditions are met.

Some credit facilities are conditional to the respecting of certain debt ratios at group level.

Proximus gives support letters to some of its affiliates. These letters provide assurance that the affiliates will be able to fulfil their financial obligations.

Proximus often has, for the rented spaces where she installs network antennas, the obligation to hand over these spaces in their original state at the end of the rent agreement.

Universal Services

In accordance with the law of 13 June 2005 on electronic communication, Proximus is entitled to claim compensation for the social tariffs that it has offered since 1 July 2005 as part of its universal service provision. For every operator offering social tariffs, the BIPT is required to assess whether or not there is a net cost and an unreasonable burden. In May 2014, the BIPT, together with an external consultant, started to analyze the net costs Proximus bore in providing the social discounts, which were offered over the period 2005-2012, the aim being to assess the possibility of there being an unreasonable burden on Proximus, and hence the possibility of a contribution being due by the operators liable to pay a contribution. On 1 April 2015, however, Proximus withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of classifying mobile social tariffs as an element of the universal service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision would be clear. In a judgment of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of a compensation mechanism to which specific undertakings have to contribute.

In its judgment of 3 February 2016 (no. 15/2016), the Constitutional Court, taking into account the Judgment of the Court of Justice, indicated that since the Member States are free to consider mobile communication services (voice and internet) as additional mandatory services, the Legislator could impose the obligation on mobile operators to provide mobile tariff reductions to social subscribers. However, it specified that a financing mechanism for such services involving specific undertakings cannot be imposed. It is up to the Legislator to decide whether, for the provision of such services, compensation should be calculated by means of another mechanism which does not involve specific undertakings.

In its communication of 27 December 2017 regarding the monitoring of the universal service, the BIPT states the following : '(PXS translation)' Following this, the Constitutional Court has decided on 3 February 2016 that Belgium cannot oblige the telecom operators to grant social tariffs for mobile telephony and mobile internet. However, the government could decide to make the services accessible to the public as 'additional obligatory services', however without a possibility to have a financing from the sectorial compensation fund.' Given this reading of the BIPT, it has been decided not to grant any longer social tariffs on standalone mobile internet formulas. Social reductions on bundles for mobile internet are being maintained.

In 2015, the Minister competent for electronic communications announced a reform of the legal system of social tariffs, prioritizing a simplification of the current system as well as an evolution towards a system based on voluntary engagement.

So far the Minister has not yet transformed his intention into a concrete draft law. The claim for compensation for the social tariffs has not been renewed. The transposition of the European Electronic Communication Code into Belgian law might possibly bring changes to the definition of the social tariffs.

Tax on pylons

The European Court of Justice confirmed in two Proximus cases of December 2015 that a tax on pylons is not, per se, in contradiction with European law.

Proximus continues to file tax complaints and to launch legal proceedings with respect to tax on pylons tax bills received from municipalities and provinces in the three regions based on other arguments.

New evolutions in jurisprudence led the Group to reassess the liabilities related to Taxes on Pylons in 2018. This resulted in a material increase of provisions in 2018. In 2019, there are no material changes in the jurisprudence which should lead to a review of the applied methodology with respect to the accruals. The position as recognised in the Financial Statements reflects management's best estimate of the probable final outcome.

Compensation mechanism statutory retirees

On 31 December 2003, Proximus transferred to the Belgian State its legal pension obligation for its statutory employees and their survivors, in exchange of a payment of EUR 5 Billion to the Belgian State. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 and included an annual compensation mechanism to off-set certain future increases or decreases in the Belgian State's obligations as a result of actions taken by Proximus. Following a change in law (Program Law of 25 December 2017), as from 2018, the obligation to off-set stopped for the Belgian State.

V.A.T. unit

The company is member of a VAT group, called 'Proximus VAT Group', established on October 1, 2010 under the VAT number BE0829.001.392. All members of the VAT group are jointly liable towards the State for all VAT debts, interest, penalties and costs which are due under the acts of the VAT group members. In 2019, the members of Proximus VAT Group were Proximus S.A. under public law, Proximus Group Services S.A (till 05/2019), Proximus SpearIT S.A., ConnectImmo S.A., Be-Mobile S.A., Proximus ICT Expert Community B.V.B.A., ClearMedia S.A., B-Mobile Tech S.A (till 31/07/2019, then merged with Be-Mobile N.V), Scarlet Belgium; Davinsi Labs; Unbrace, Codit, Codit Holding and Codit Managed Services.

Claims and legal proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

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.

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations.

1. Broadband/Broadcast Access Related Cases

Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

During the investigation of October 2010, a large numbers of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in

order to have the communication to the investigation teams of LPP data and data out of scope suspended. On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case.

On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction. In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

2. Mobile On-net cases related

In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009.

Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling.

Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom.

On 22nd of November 2019, Orange Belgium and Proximus concluded a mobile radio access network (RAN) sharing agreement. Telenet, which contests the agreement, lodged a complaint with the Belgian Competition Authority and made a request for preliminary measures. On 8th of January 2020, the Belgian Competition Authority, whilst acknowledging the benefits of the agreement, decided to suspend the agreement during 2 months, giving Orange Belgium and Proximus the time to have discussions with the telecommunications regulator. In the meantime, several preparatory actions can still be taken. Passed this time, unless the prosecutors of the Belgian Competition Authority would take a new initiative, the suspension takes an end. A decision on the merits, if any, may take several years.

Gial case

On 19 June 2019, Proximus was indicted by a Brussels investigating judge following a complaint on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the secrecy of the investigation, it is obvious that the details of this case cannot be set out in this report.

Nevertheless, Proximus would like to mention the existence of this case to ensure transparency.

Nr.	0202.239.951	C 6.14

For information purposes: if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts which it is accused of and in view of the indictment by the investigating judge, the maximum fine that could be imposed to Proximus in the context of this case would be EUR 800,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not accrued any provision for the payment of this case.

Finally, insofar as necessary, Proximus recalls that the indictment does not in any way imply that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favourable outcome to this case.

RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)	1.238.111.531	9.245.493.584
Participating interests	(280)	1.238.111.531	9.245.493.584
Subordinated amounts receivable	9271		
Other amounts receivable	9281		
Amounts receivable	9291	126.505.004	178.181.448
Over one year	9301	89.000.000	144.000.000
Within one year	9311	37.505.004	34.181.448
Current investments	9321		183.176.293
Shares	9331		
Amounts receivable	9341		183.176.293
Amounts payable	9351	883.098.434	9.635.323.232
Over one year	9361		9.595.906.915
Within one year	9371	883.098.434	39.416.317
Personal and real guarantees			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391		
Other significant financial commitments	9401		
Financial results			
Income from financial fixed assets	9421	92.032.018	490.592.079
Income from current assets	9431	3.994.784	2.564.329
Other financial income	9441	2.232.227	2.968.247
Debt charges	9461	2.646.847	154.065.583
Other financial charges	9471	2.557.517	2.442.236
Disposal of fixed assets			
Capital gains obtained	9481		
Capital losses suffered	9491		

RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
ASSOCIATED ENTERPRISES			
Financial fixed assets	9253	3.925.594	5.687.187
Participating interests	9263	3.925.594	4.687.187
Subordinated amounts receivable	9273		
Other amounts receivable	9283		1.000.000
Amounts receivable	9293	99.273	100.595
Over one year	9303		
Within one year	9313	99.273	100.595
Amounts payable	9353	52.635	79.691
Over one year	9363		
Within one year	9373	52.635	79.691
Personal and real guarantees			
Provided or irrevocably promised by the enterprise as security for debts or commitments of associated enterprises	9383		
Provided or irrevocably promised by associated enterprises as security for debts or commitments of the enterprise	9393		
Other significant financial commitments	9403		
OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	9252		
Participating interests	9262		
Subordinated amounts receivable	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
Over one year	9302		
Within one year	9312		
Amounts payable	9352		
Over one year	9362		
Within one year	9372		

TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS

Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company

Null

Period

Additional information

Proximus PLC under Belgian public law supplies telecommunication services to the Belgian State, to various administrations of the Belgian State and to various State-controlled enterprises. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favourable than those available to other customers and suppliers. The services provided to those administrations and those various State-controlled enterprises do not represent a significant component of the net income of Proximus PLC under Belgian public law.

Proximus has transactions with Belgacom International Carrier Services S.A. for inbound and outbound telecom services. The underlying contracts are approved by management taking into account the current market references.

As far as transactions with members of leading supervising or governing bodies concerns, we refer to the section "corporate governance statement" of the annual report and the remuneration report in which the remuneration of the members of the Board of Directors and the members of the Executive Committee are detailed.

FINANCIAL RELATIONSHIPS WITH

DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS

Amounts receivable from these persons

Conditions on amounts receivable, rate, duration, possibly reimbursed amounts, canceled amounts or renounced amounts

Guarantees provided in their favour

Other significant commitments undertaken in their favour

Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person

To directors and managers

To former directors and former managers

Codes	Period
9500	
9501	
9502	
9503	2.066.720
9504	

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees

Fees for exceptional services or special missions executed in the company by the auditor

Other attestation missions

Tax consultancy

Other missions external to the audit

Fees for exceptional services or special missions executed in the company by people they are linked to

Other attestation missions

Tax consultancy

Other missions external to the audit

Codes	Period
9505	377.341
95061	41.358
95062	
95063	39.900
95081	9.775
95082	
95083	229.826

Mentions related to article 134 from the Companies Code

DERIVATIVES NOT MEASURED AT FAIR VALUE

FOR EACH CATEGORY OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE

Category of financial derivatives	Hedge risk	Speculation/hedging	Volume	Period		Previous period	
				Book value	Fair value	Book Value	Fair value
1 IRCS	Foreign currency and interests	Hedging	10.882.069	0	5.401.944	0	5.326.178
Forward contracts in foreign currencies	Foreign currency	Hedging	29.298.358	0	-375.558	0	108.591

FINANCIAL FIXED ASSETS CARRIED AT AN AMOUNT IN EXCESS OF FAIR VALUE

Amount of individual assets or appropriate groupings of those assets

Reasons for not reducing the book value

Informations that suggest than the book value will be recovered

Book value	Fair value

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION TO DISCLOSE BY EACH ENTERPRISE THAT IS SUBJECT TO COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES**

The enterprise has drawn up published a consolidated annual statement of accounts and a management report*

~~The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason*~~

~~The enterprise and its subsidiaries on consolidated basis exceed not more than one of limits mentioned in art. 16 of Company Law*~~

~~The enterprise only has subsidiaries which, considering the assessment of the consolidated assets, consolidated financial position or consolidated results, individual or together, are of a negligible size* (Art. 110 of Company Law)~~

~~The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts in which annual accounts of the enterprise are included*~~

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

If the parent company(ies) is (are) (an) enterprise(s) governed by foreign law disclose where the consolidated accounts can be obtained**

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

FINANCIAL RELATIONSHIPS OF THE GROUP LED BY THE ENTERPRISE IN BELGIUM WITH AUDITORS OR WITH PEOPLE THEY ARE LINKED TO

Mentions related to article 134, §4 and §5 from the Companies Code

Auditor's fees according to a mandate at the group level led by the company publishing the information

Fees for exceptional services or special missions executed in these group by the auditor

Other attestation missions

Tax consultancy

Other missions external to the audit

Fees to people auditors are linked to according to the mandate at the group level led by the company publishing the information

Fees for exceptional services or special missions executed in the group by people they are linked to

Other attestation missions

Tax consultancy

Other missions external to the audit

Codes	Period
9507	1.041.335
95071	56.358
95072	
95073	39.900
9509	457.046
95091	11.264
95092	
95093	246.826

Mentions related to article 134 from the Companies Code

VALUATION RULES

The valuation rules comply with the terms of Chapter II of the R.D. of Jan 30, 2001 modified by R.D. Dec 18, 2015.

These rules were approved and modified by the Board of Directors on May 27, 1993, Dec 4, 1997, Oct 22, 1998, Oct 28, 1999, Oct 26, 2000, April 25, 2002, Oct 23, 2003, Dec 13, 2004, Dec 18, 2008, Feb 24, 2011, March 1, 2012, February 27, 2014 and February 28th, 2019.

BALANCE SHEET

FORMATION EXPENSES

The debt issuance costs are charged to income statement in the year in which they are incurred. Material formation expenses are capitalised and depreciated over a 5 year period. The acquisitions of the year are depreciated pro rata temporis. Restructuring costs are expensed as incurred.

INTANGIBLE ASSETS

The intangible assets are measured at cost; this is the purchase price, production cost or the contribution value. General expenses are not included in the cost.

Intangible assets with an indefinite useful life are not amortized. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Intangible assets with a finite useful life are amortized on a straight line basis (except for broadcasting rights acquired in 2018 and 2019) at a fixed rate using the following plan, established on the basis of economic criteria:

- Goodwill: over the estimated useful life, if the useful life cannot be estimated reliably: 5 to 10 years
- Software: 5 years or the license period in case the latter one is shorter than 5 year
- Network licenses: over the license period
- Rights to use, football and broadcasting rights: over the contract period
- Customer bases and trademarks: 3 to 10 years

The acquisitions of the year are amortized pro rata temporis.

Broadcasting rights acquired in 2018 and 2019 are amortized using the double of the linear depreciation rate with a maximum of 40% of the initial purchase value.

The goodwill resulting from the merger of early 2010 is depreciated over 15 years. This depreciation period is justified by the long life character of the expected profitability of all the merged companies.

The goodwill resulting from the merger of Wireless Technology in 2016 is depreciated over 10 years. This depreciation period reflects the useful life over which the economic benefits from the assets in the business combination are expected to be consumed by Proximus.

The goodwill resulting from the merger of Proximus Group Services NV in 2019 has been fully recognized in the income statement.

TANGIBLE ASSETS

Tangible assets are valued at cost; this is the purchase price, production cost or the contribution value. General expenses are not included.

Tangible assets with an indefinite useful life are not depreciated. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Tangible assets with a finite useful life are depreciated using the straight line method (except for tangible assets acquired in 2018 and 2019). The tangible assets acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40% of the initial purchase value.

The determination of the depreciable amount takes into account a residual value if this can be determined accurately, is material and its realization is sufficiently certain.

They are depreciated at a fixed rate using the following plan, established on the basis of economic criteria:

	Useful life (years)
Land and buildings	
- Land	indefinite
- Buildings and building equipment	22 - 33
- Facilities in buildings	3 - 10
- Leasehold improvements	3 - 10
Technical and network equipment	
- Cables and ducts	15 – 20
- Switches	8 – 10
- Transmission equipment	6 – 8
- Radio Access Network	6 – 7
- Mobile sites and site facility equipment	5 – 10
- Equipment installed at client premises	2 – 8
- Data and other network equipment	2 - 15
Furniture and vehicles	
- Furniture and office equipment	3 – 10
- Vehicles	3 – 10

Fixed assets held under leasing or other similar rights are depreciated based on the useful life of the fixed asset as defined in the contract.

Assets under construction and advance payments are depreciated over the life term of the assets to which they relate.

Fixed assets that are put out of order are valued at net book value or at their expected realisation value if lower. They are no longer depreciated.

The acquisitions of the year are depreciated pro rata temporis.

The tangible assets as well as the assets related to the broadcasting rights acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40%.

FINANCIAL ASSETS

Participating interests and shares are valued at their acquisition cost, which is the purchase price or the contribution value. Only the material ancillary costs are capitalised.

A write down is recorded if a durable permanent impairment or decrease in value of these assets is observed, based on the financial situation, the profitability or the perspectives of the company in which the participating interests or shares are held, taking into account the CBN/CNC advice n° 126-8.

Receivables are recognized at their nominal value. An allowance is recorded when, at the due date, the payment is partially or entirely uncertain.

AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

Amounts receivables are booked at nominal value. Amounts receivable expressed in foreign currencies are converted to EUR at the rate in force at the date of delivery and are translated at the year-end rate.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

STOCKS AND CONTRACTS IN PROGRESS

Inventories of consumables and goods for resale are booked at their cost.

At the time of the annual inventory, the Weighted Average Price method is used to assess the various subdivisions in this caption.

A write down is applied when the realisable value or market value is lower than the acquisition cost or to take into consideration the risks inherent to the nature of the products.

Contracts in progress and work in process are valued at production cost or at market price (if this is lower than the production cost).

The projects of the ICT activity (contracts in progress) are taken into result based on stage of completion.

AMOUNTS RECEIVABLE WITHIN ONE YEAR

These amounts appear on the balance sheet at nominal value.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

Amounts receivable expressed in foreign currencies are converted into EUR at the rate in force on the date of delivery. At balance date they are translated at closing rate.

CURRENT INVESTMENTS

Current investments are valued at nominal value when they concern funds held in financial institutions and at acquisition cost, acquisition price without ancillary costs, in the other case.

A write-down is recorded on the nominal value or on the acquisition cost when the sales value on the closing date of the balance sheet is less than the previously booked value.

For the determination of the realisable value of own shares the market value is taken into account on the one hand and the strike price of granted share options for which these shares are held on the other hand.

Current investments in foreign currencies are translated into EUR at the rate in force on the closing date of the balance sheet.

CASH AT BANK AND IN HAND

Cash at bank and in hand is valued at nominal value. A write-down is recorded on the nominal value when the realisation value on the closing date of the balance sheet is less than the previously booked value. Cash at bank and in hand in foreign currencies is translated into EUR at the rate in force on the closing date of the balance sheet.

PROVISIONS AND DEFERRED TAXES

On the closing date of the balance sheet, an inventory is made of all foreseeable liabilities and contingent losses arising during the current year or during prior years. Provisions are established based on a reliable estimate of the risk on the moment of the establishment of the annual accounts. Provisions reflect the best estimate of probable costs or, when it relates to an obligation, the best estimate of the amount necessary to settle this at year-end closing.

In the framework of the departure plans, provisions are made after approval by the Joint Committee. These provisions are determined as the present value of the benefits granted during the period of inactivity, both for current and future beneficiaries.

In the framework of post-employment benefits, a provision is made for the current and future beneficiaries of these benefits. For the current beneficiaries this provision is determined as the present value of the obligation resulting from the granted benefits. For future beneficiaries, this provision is built up gradually based on the number of years of service. As a consequence, at the pension date, the provision corresponds also to the present value of the obligation for the granted benefits.

The provision for damages concerning vehicles is built by the company as "own insurer" and is valued through an individualisation of all damages that occurred before 2014 and for which the costs will reasonably be bared by the company in future years.

Deferred taxes are booked in compliance with article 76 of the R.D. of January 30, 2001.

AMOUNTS PAYABLE WITHIN ONE YEAR AND AFTER MORE THAN ONE YEAR

Amounts payables are recognized on the balance sheet at nominal value.

Amounts payable in foreign currencies are converted into EUR as follows:

- loans in foreign currencies at the rate in force at the time the loan is concluded;
- trade debts at the exchange rate on the date of entry of the reception of the goods and services.

Trade debts and financial debts, not covered against exchange risks, expressed in foreign currencies are translated at closing rate.

TRANSLATION DIFFERENCES

Exchange gains and losses resulting from the translation are taken in the income statement.

INCOME STATEMENT

The items in the income statement are valued at nominal value. Own construction is booked at production cost excluding indirect costs.

TURNOVER

Revenue is recorded in the period to which they refer, regardless of their payment.

The turnover takes commercial and volume discounts into account.

Specific revenue streams and related recognition criteria are as follows:

- revenue from fixed line, mobile and carrier traffic is recognized on usage.
- revenue from connection fees and installation fees is recognized in income at the time of connection or installation.
- revenue from sales of communication equipment is recognized upon delivery to the third party distributors or upon delivery by the own Proximus shops to the end-customer.

- revenue relating to the monthly rent, the monthly subscription fee and access fees in the framework of fixed and mobile telephony, internet and digital television are recognized in the period in which the services are provided.
- prepaid revenue such as revenue from pre-paid fixed and mobile phone cards is deferred and recognized based on usage of the cards.
- maintenance fees are recognized as revenue over the maintenance period on a pro-rata basis.
- revenue from the ICT activity linked to projects is recognized in the result in function of the realization percentage.

RIGHT AND COMMITMENTS NOT ACCRUED IN THE BALANCE SHEET

The rights and commitments not accrued in the balance sheet are mentioned in the notes, per category, at the nominal value of the commitment in the contract, or failing that, at their estimated value.

SUPPLEMENTARY INFORMATION

APPROPRIATION ACCOUNT AND EVOLUTION OF THE RESERVES

In 2019, the profit of the financial year available for appropriation amounts to 378.882.109 EUR.

- 5 % of this net profit is to be appropriated to the legal reserve. Since this obligation expires when the legal reserve reaches 10 % of the Capital, limit that has been reached in the meanwhile, there is no appropriation to the legal reserve.
- The accumulated profit from previous years amounts to 317.655.909 EUR.

The profit to be appropriated then amounts to 696.538.018 EUR.

- 21.347.770 EUR net transfers from the reserves, to be further detailed as follows:
 - 25.302.686 EUR transferred from the reserves available for distribution;
 - 1.547.538 EUR transferred from the reserves mainly in the framework of exercised stock options;
 - 47.132.567 EUR transferred to the available reserves;
 - 1.065.427 EUR transferred to the reserves unavailable for distribution for own shares.
- 486.324.662 EUR are dividends to be distributed, as decided by the General Assembly. This amount can be further detailed as follows:
 - 161.524.880 EUR has been paid on December 6th, 2019 as interim dividend;
 - 1.817.273 EUR have been paid mainly in the framework of stock options exercised in 2019;
 - 322.982.509 EUR shall be distributed in April 2020;
- 21.577.480 EUR to be distributed to the personnel, pursuant to article 43 of the by-laws, representing 5 % of the result before taxes.
- The resulting profit to be carried forward amounts to 167.288.106 EUR.

A SUMMARY of the accounts relative to the PUBLIC SERVICE DUTIES (obligation stipulated by art. 27 of the law of March 21, 1991).

Article 155 of the law of June 13, 2005 with regard to the electronic communication has cancelled the chapter V, that treats the public telecommunication service (being the tasks of public service), of the law of March 21st, 1991 and has been replaced by the provisions of chapter I, that treats the universal service (art. 68 to 104 included) of title IV of the new law. However, article 86ter of the law of March 21st, 1991 has been preserved and taken over as such under chapter II – Supplementary services of title IV of the law of June 13, 2005 (art. 105 to 107 included). The figures below contain the assignment of the public services as defined in the articles of the law and in article 4 in the management contract.

1. Operating income	0.00	EUR
2. Operating charges	121.005,15	EUR
Operating result (loss)	(121.005,15)	EUR

The calculations were made based on a cost model developed by Proximus S.A. de droit public/N.V. van publiek recht for the products that meet the requirements of the management contract and based on business economic criteria taking into account the expected life span of the products.

INVESTMENT GRANTS

Proximus has not received investment grants from public governments or institutions in 2019.

SOCIAL BALANCE SHEET

Number of joint industrial committee:

STATEMENT OF THE PERSONS EMPLOYED

EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

During the current period	Codes	Total	1. Men	2. Women
Average number of employees				
Full-time	1001	9.748,7	6.966,8	2.781,9
Part-time	1002	2.102,7	1.002,5	1.100,2
Total in full-time equivalents	1003	11.298,2	7.726,2	3.572,0
Number of hours actually worked				
Full-time	1011	14.399.258	10.586.747	3.812.512
Part-time	1012	2.180.866	1.092.094	1.088.772
Total	1013	16.580.124	11.678.841	4.901.284
Personnel costs				
Full-time	1021	796.537.626	591.036.828	205.500.798
Part-time	1022	119.656.034	60.969.423	58.686.612
Total	1023	916.193.660	652.006.250	264.187.410
Advantages in addition to wages	1033	10.739.545	7.642.762	3.096.783

During the preceding period	Codes	P. Total	1P. Men	2P. Women
Average number of employees in FTE	1003	11.792,4	8.102,7	3.689,7
Number of hours actually worked	1013	17.378.921	12.277.931	5.100.990
Personnel costs	1023	920.297.761	658.214.583	262.083.178
Advantages in addition to wages	1033	9.936.633	7.106.870	2.829.763

EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continuation)

	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
At the closing date of the period				
Number of employees	105	9.627	1.993	11.127,3
By nature of the employment contract				
Contract for an indefinite period	110	9.456	1.992	10.955,5
Contract for a definite period	111	171	1	171,8
Contract for the execution of a specifically assigned work	112			
Replacement contract	113			
According to gender and study level				
Men	120	6.876	940	7.606,8
primary education	1200			
secondary education	1201	2.345	582	2.797,5
higher non-university education	1202	1.464	183	1.605,6
university education	1203	3.067	175	3.203,7
Women	121	2.751	1.053	3.520,5
primary education	1210			
secondary education	1211	944	666	1.420,6
higher non-university education	1212	571	219	736,9
university education	1213	1.236	168	1.363,0
By professional category				
Management staff	130	156	1	156,5
Employees	134	8.667	1.745	9.974,4
Workers	132	751	247	943,4
Others	133	53		53,0

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

	Codes	1. Hired temporary staff	2. Persons placed at the enterprise's disposal
During the period			
Average number of persons employed	150	14,0	
Number of hours actually worked	151	20.529	
Costs for the enterprise	152	525.453	

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

ENTRIES

	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year	205	652	108	674,5
By nature of employment contract				
Contract for an indefinite period	210	177	1	177,5
Contract for a definite period	211	475	107	497,0
Contract for the execution of a specifically assigned work	212			
Replacement contract	213			

DEPARTURES

	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year	305	852	654	1.295,0
By nature of employment contract				
Contract for an indefinite period	310	408	548	829,0
Contract for a definite period	311	443	106	464,0
Contract for the execution of a specifically assigned work	312			
Replacement contract	313	1		1,0
By reason of termination of contract				
Retirement	340	110	50	149,0
Unemployment with extra allowance from enterprise	341			
Dismissal	342	90	14	101,0
Other reason	343	652	590	1.045,0
Of which the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	350			

INFORMATION ON TRAININGS PROVIDED TO EMPLOYEES DURING THE PERIOD

	Codes	Men	Codes	Women
Total of initiatives of formal professional training at the expense of the employer				
Number of employees involved	5801	7.402	5811	3.549
Number of actual training hours	5802	213.817	5812	94.456
Net costs for the enterprise	5803	17.676.116	5813	7.808.618
of which gross costs directly linked to training	58031	17.464.407	58131	7.715.093
of which fees paid and payments to collective funds	58032	211.709	58132	93.525
of which grants and other financial advantages received (to deduct).. ..	58033		58133	
Total of initiatives of less formal or informal professional training at the expense of the employer				
Number of employees involved	5821	2.697	5831	1.227
Number of actual training hours	5822	102.263	5832	7.176
Net costs for the enterprise	5823	8.352.763	5833	586.130
Total of initiatives of initial professional training at the expense of the employer				
Number of employees involved	5841		5851	
Number of actual training hours	5842		5852	
Net costs for the enterprise	5843		5853	

SOCIAL REPORT

Note to codes 109, 110, 209, 210, 309 and 310

These codes can be divided in: a. statutory staff
b. contractually staff

Code 109 & 110:

	Codes	1. Full-time	2. Part-time	3. Total Full-time equivalents
Statutory staff	code 109	2.222	957	2.946,8
Contractually staff	code 110	7.234	1.035	8.008,7

Code 209 & 210:

	Codes	1. Full-time	2. Part-time	3. Total Full-time equivalents
Statutory staff	code 209	0	0	0,0
Contractually staff	code 210	177	1	177,5

Code 309 & 310:

	Codes	1. Full-time	2. Part-time	3. Total Full-time equivalents
Statutory staff	code 309	128	450	475,4
Contractually staff	code 310	280	98	353,9

Numbers of joint industrial committees which are competent for the enterprise:
Proximus PLC under Belgian Public Law has her own national joint industrial committee.

Code 1023

The code 1023 of the social report contains the personnel charges for the personnel for which the enterprise has filed a DIMONA-declaration, more specifically:

- The charges taken in section 62 excluding those attributed to retirees.
- The part of the profit that is legally and statutory allocated to the personnel by the appropriation of the profit.
- The costs of the former subsidiary PGS SA following the merger with Proximus NV at 02.05.2019 with retroactive effect as at 01.01.2019. All other social balance sheet data (Headcounts, FTE, hours worked...) relating to the former PGS subsidiary start on 02.05.2019 (date of entry in the personnel register) without retroactive effect.

The split men/women of code 1023 for the year 2019 has, as it was also the case for 2018, mainly been drawn up using the full inventory and split between the men/women of the salary data as derived from the salary calculation of 2019.

Information with regard to training received by employees during the period

In 2019, Proximus received subsidies for employees of 271.931,49 EUR in the framework of the training leave concerning 2017-2018.



Proximus NV van publiek recht / Proximus SA de droit public

Statutory report of the joint auditors to the shareholders' meeting for the year ended 31 December 2019 - Annual accounts

The original text of this report is in Dutch and French

Statutory report of the joint auditors to the shareholders' meeting of Proximus van publiek recht / Proximus SA de droit public for the year ended 31 December 2019 - Annual accounts

In the context of the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

As Required by law and the company's articles of association, and more specifically by article 25 of the law of 21 March 1991 reforming certain economic public corporations applicable to Proximus NV van publiek recht / Proximus SA de droit public, the statutory auditors, members of the joint auditors, were appointed in their capacity as statutory auditor by the shareholder's meeting of 20 April 2016 for a period of six years, in accordance with the proposal of the board of directors issued upon recommendation of the audit and compliance committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2021. Based on article 25, §3 of the law of 21 March 1991, two members of the Belgian Court of Audit were appointed as members of the joint auditors by the General assembly of the Belgian Court of Audit dated 11 March 2015 and 20 January 2016.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises has performed the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public for 10 subsequent years. CDP Petit & Co has performed the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public for 4 subsequent years.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2019 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 7 774 985 (000) EUR and the income statement shows a profit for the year ended of 378 226 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2019 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the joint auditors for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on telecommunications activities The accuracy of revenue is an inherent risk in the telecommunications industry. This is driven by the complexity of billing systems, the magnitude of volumes of data in combination with different products on the market and price changes in the year. The correct application of revenue recognition accounting standards to the separate elements of a customer's contract are complex and require judgement by management. The details on revenue recognition are included in the explanatory notes 6.19 'Valuation rules' and 6.10 'Net turnover' to the annual accounts.	We addressed this key audit matter by applying the following controls and substantive test procedures to the material revenue streams: • We tested the design and operating effectiveness of the relevant key controls in place in the revenue cycle, as well as in the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that support material revenue streams; • We performed tests of details on a sample of individual revenue transactions, tracing these back to order documentation and cash receipts; and • We performed a substantive analytical review. Additionally we assessed the appropriateness of the company's accounting policies with respect to revenue recognition and assessed compliance with the applicable accounting standards.
Liabilities for termination benefits In 2019 Proximus announced its #shiftdigital strategy, which included a transformation plan in which 1300 functions were identified as being redundant. The implementation of the strategy started in November 2019 and all employees were notified before year-end. The determination of the liabilities for termination benefits is based on the effective number of employees opting for voluntary leave and other assumptions. Considering the overall significance of the termination benefits and its importance for the users' understanding of the current year accounts, we consider the employee restructuring program to be a significant matter in our audit. The details on valuation for termination benefits are included in the explanatory notes 6.19 'Valuation rules' and 6.8 'Provisions for other liabilities and charges' to the annual accounts.	With respect to the related liabilities: • We assessed whether the accounting treatment of the employee restructuring program was appropriate based on the terms and conditions included in the plan and whether the disclosures in the notes to the financial statements were accurate and complete. • In testing the company's estimates: – we performed test of details on the accuracy of personnel data by reconciling such data on a sample basis to underlying evidence and by verifying mathematical accuracy of calculations; – we challenged the assumptions used in management's estimate for the restructuring provision; and • We audited the impact of the restructuring to the existing obligations for other post-employment benefits.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the joint auditors for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium. The scope of the audit of annual accounts does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and compliance committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the directors' report, for the documents to be filed according to the legal and regulatory requirements, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code, the Code of companies and associations and the company's articles of association.

Responsibilities of the joint auditors

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the directors' report, those documents to be filed according to the legal and regulatory requirements and compliance with certain obligations referred to in the Companies Code, the Code of companies and associations and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for that same year and has been established in accordance with the requirements of article 3:5 and 3:6 of the Code of companies and associations.

In the context of our statutory audit of the annual accounts we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 3:6, § 4 of the Code of companies and associations, has been disclosed in a separate report, attached to the directors' report, except for the information on diversity which was integrated in the corporate governance statement. This statement on non-financial information includes all the information required by article 3:6, § 4 of the Code of companies and associations and is in accordance with the annual accounts for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI Standards reporting principles. In accordance with article 3:75, § 1, 6° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI Standards reporting principles mentioned in the directors' report.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 3:12, § 1, 8° of the Code of companies and associations, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mission.

Statements regarding independence

- No services, incompatible with the statutory audit of the annual accounts as referred to by the law, have been performed and our audit forms and, if applicable, our networks of audit firms remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code or, as from 1 January 2020, the Code of companies and associations.
- We are required to report on the following transactions where article 523 of the Companies Code was applied and which have taken place between 1 January 2019 and 31 December 2019:
 - The decision of the board of directors on 28 February 2019 relating to the short-term incentive granted to the CEO for the performance evaluation of 2018 represented a conflict of interest for the CEO, Mrs. D. Leroy. The board of directors determined the financial consequences for the company at a total amount of 216 (000) EUR.
 - The Decision of the board of directors on 29 July 2019 relating to the co-optation of the board members' expiring mandates of Stefaan De Clerck, Martine Durez, Laurent Levaux, Isabelle Santens and Paul Van de Perre until the annual general meeting of April 2020.
 - The decision of the board of directors on 14 September 2019 relating to the end of the contract of the CEO, Mrs. D. Leroy.

- An interim dividend was distributed during the financial year for which the statutory auditors, members of the joint auditors have issued the attached report in accordance with the legal requirements.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.

Brussels, 21 February 2020

The joint auditors


Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Geert Verstraeten
CDP Petit & Co BV / SRL
Represented by Damien Petit

The Belgian Court of Audit

Represented by


Pierre Rion
Counselor
Jan Debucquoy
Counsel

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Proximus SA under public law

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

The original text of this report is in Dutch/French.

Proximus SA under public law |

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

In accordance with article 618 of the Companies Code and with article 45 of the articles of association of Proximus SA under public law ("the company"), the board of directors proposes the distribution of an interim dividend, based on the results of the current period. In accordance with article 618 of the Companies Code and in the context of our appointment as statutory auditor, we hereby report to the board of directors on the review of the statement of assets and liabilities for the period ended 30 September 2019.

We have conducted our review of the company's enclosed statement of assets and liabilities for the period ended 30 September 2019, prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 7 644 374 (000) EUR.

Board of directors' responsibility for the preparation of the statement of assets and liabilities

The board of directors is responsible for the preparation of the statement of assets and liabilities for the period ended 30 September 2019 in accordance with the financial reporting framework applicable in Belgium, in accordance with article 92, § 1, first section, of the Companies Code, as well as for compliance with the conditions set by article 618, second section, of the Companies Code.

Statutory auditor's responsibility

Our responsibility is to express a conclusion on the statement of assets and liabilities, based on the review conducted by us.

We conducted our review in accordance with ISRE 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and administrative matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on this statement of assets and liabilities.

Proximus SA under public law |

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

Conclusion

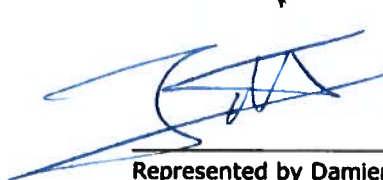
Based on our review, nothing has come to our attention that causes us to believe that the enclosed statement of assets and liabilities of Proximus SA under public law for the period ended 30 September 2019 showing total assets of 7 644 374 (000) EUR and a profit for the period then ended of 138 771 (000) EUR, has not been prepared, in all material respects, in accordance with the financial reporting framework applicable in Belgium.

Restrictions on the use and distribution of our report

This report is solely intended for use by the board of directors and the shareholders of the company in accordance with article 618 of the Companies Code and may therefore not be used for any other purpose.

Zaventem, 23 October 2019

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA /SCRL CDP Petit & CO BVBA/SPRL


Represented by Geert Verstraeten
Represented by Damien Petit

Enclosure: Statement of assets and liabilities for the period ended 30 September 2019 and accounting principles of the company

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Deloitte.



Proximus Board
October 23, 2019

Statement of assets and liabilities
as per September 30, 2019 of
Proximus S.A. under public law
(in EUR)

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

01/01/19 - 30/09/19

01/01/18 - 31/12/18

	Notes	Codes	Period	Previous period
ASSETS				
FORMATION EXPENSES	6.1	20		
FIXED ASSETS		21/28	5.995.286.583	14.713.672.435
Intangible fixed assets	6.2	21	2.460.226.180	2.715.325.772
Tangible fixed assets	6.3	22/27	2.715.063.807	2.744.519.316
Land and buildings		22	112.646.179	118.763.289
Plant, machinery and equipment		23	2.570.360.949	2.587.351.840
Furniture and vehicles		24	15.055.642	16.502.032
Leasing and other rights		25	255.573	255.050
Other tangible fixed assets		26	16.745.464	21.647.105
Tangible assets under construction and advance payments made		27		
Financial fixed assets	6.4 / 6.5.1	28	819.996.596	9.253.827.347
Affiliated enterprises	6.15	280/1	811.230.775	9.245.493.584
Participating interests		280	811.230.775	9.245.493.584
Amounts receivable		281		
Other enterprises linked by participating interests	6.15	282/3	6.425.594	5.687.187
Participating interests		282	5.425.594	4.687.187
Amounts receivable		283	1.000.000	1.000.000
Other financial assets		284/8	2.340.227	2.646.576
Shares		284		322.500
Amounts receivable and cash guarantees		285/8	2.340.227	2.324.076

		01/01/19 - 30/09/19	01/01/18 - 31/12/18
Notes	Codes	Period	Previous period
CURRENT ASSETS	29/58	<u>1.649.087.197</u>	<u>1.454.143.501</u>
Amounts receivable after more than one year	29	361.013.383	144.013.383
Trade debtors	290		
Other amounts receivable	291	361.013.383	144.013.383
Stocks and contracts in progress	3	121.299.799	117.745.795
Stocks	30/36	92.346.231	94.580.543
Raw materials and consumables	30/31	34.341.560	32.613.936
Work in progress	32		
Finished goods	33		
Goods purchased for resale	34	58.004.671	61.966.607
Immovable property intended for sale	35		
Advance payments	36		
Contracts in progress	37	28.953.568	23.165.252
Amounts receivable within one year	40/41	448.349.386	546.848.795
Trade debtors	40	438.704.703	480.346.482
Other amounts receivable	41	9.644.683	66.502.313
Current investments	6.5.1 / 6.6 50/53	508.671.541	545.867.761
Own shares	50	408.979.995	362.040.193
Other investments and deposits	51/53	99.691.546	183.827.568
Cash at bank and in hand	54/58	140.271.849	45.448.196
Deferred charges and accrued income	6.6 490/1	69.481.239	54.219.571
TOTAL ASSETS	20/58	7.644.373.780	16.167.815.936

Nr.		0202.239.951		C 3.2	
		01/01/19 - 30/09/19		01/01/18 - 31/12/18	
	Notes	Codes	Period	Previous period	
EQUITY AND LIABILITIES					
EQUITY		10/15	1.941.155.773	1.804.176.373	
Capital	6.7.1	10	1.000.000.000	1.000.000.000	
Issued capital		100	1.000.000.000	1.000.000.000	
Uncalled capital ⁴		101			
Share premium account		11			
Revaluation surpluses		12			
Reserves		13	531.369.526	486.520.464	
Legal reserve		130	100.000.000	100.000.000	
Reserves not available		131	422.716.828	377.376.025	
In respect of own shares held		1310	408.979.995	362.040.194	
Others		1311	13.736.833	15.335.831	
Untaxed reserves		132	8.652.698	9.144.439	
Available reserves		133			
Accumulated profits (losses)	(+)/(-)	14	409.786.247	317.655.909	
Investment grants		15			
Advance to associates on the sharing out of the assets ⁵		19			
PROVISIONS AND DEFERRED TAXES		16	662.382.477	664.336.688	
Provisions for liabilities and charges		160/5	661.017.342	662.764.172	
Pensions and similar obligations		160			
Taxation		161			
Major repairs and maintenance		162			
Environmental liabilities		163	2.617.138	2.617.138	
Other risks and costs	6.8	164/5	658.400.204	660.147.034	
Deferred taxes		168	1.365.135	1.572.516	

⁴ Amount to be deducted from the issued capital.

⁵ Amount to be deducted from the other components of equity.

		01/01/19 - 30/09/19	01/01/18 - 31/12/18
Notes	Codes	Period	Previous period
AMOUNTS PAYABLE	17/49	5.040.835.530	13.699.302.875
Amounts payable after more than one year	6.9 17	3.075.137.610	11.957.891.578
Financial debts	170/4	2.956.095.161	11.851.555.462
Subordinated loans	170		
Unsubordinated debentures	171	1.956.095.161	1.855.648.547
Leasing and other similar obligations	172		
Credit institutions	173	400.000.000	9.395.906.915
Other loans	174	600.000.000	600.000.000
Trade debts	175	116.386.684	103.680.351
Suppliers	1750	116.386.684	103.680.351
Bills of exchange payable	1751		
Advances received on contracts in progress	176		
Other amounts payable	178/9	2.655.765	2.655.765
Amounts payable within one year	6.9 42/48	1.870.981.214	1.613.056.274
Current portion of amounts payable after more than one year falling due within one year	42	77.864.446	93.025.069
Financial debts	43	794.950.549	231.000.000
Credit institutions	430/8		231.000.000
Other loans	439	794.950.549	
Trade debts	44	601.143.995	648.453.701
Suppliers	440/4	601.143.995	648.453.701
Bills of exchange payable	441		
Advances received on contracts in progress	46	3.412.118	4.850.000
Taxes, remuneration and social security	6.9 45	368.970.234	262.244.789
Taxes	450/3	189.297.428	95.967.993
Remuneration and social security	454/9	179.672.806	166.276.796
Other amounts payable	47/48	24.639.872	373.482.715
Accrued charges and deferred income	6.9 492/3	94.716.706	128.355.023
TOTAL LIABILITIES	10/49	7.644.373.780	16.167.815.936

VALUATION RULES

The valuation rules comply with the terms of Chapter II of the R.D. of Jan 30, 2001 modified by R.D. Dec 18, 2015.

These rules were approved and modified by the Board of Directors on May 27, 1993, Dec 4, 1997, Oct 22, 1998, Oct 28, 1999, Oct 26, 2000, April 25, 2002, Oct 23, 2003, Dec 13, 2004, Dec 18, 2008, Feb 24, 2011, March 1, 2012, February 27, 2014 and February 28th, 2019.

BALANCE SHEET

FORMATION EXPENSES

The debt issuance costs are charged to income statement in the year in which they are incurred. Material formation expenses are capitalised and depreciated over a 5 year period. The acquisitions of the year are depreciated pro rata temporis. Restructuring costs are expensed as incurred.

INTANGIBLE ASSETS

The intangible assets are measured at cost; this is the purchase price, production cost or the contribution value. General expenses are not included in the cost.

Intangible assets with an indefinite useful life are not amortized. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Intangible assets with a finite useful life are amortized on a straight line basis (except for broadcasting rights acquired in 2018 and 2019) at a fixed rate using the following plan, established on the basis of economic criteria:

- Goodwill: over the estimated useful life, if the useful life cannot be estimated reliably: 5 to 10 years
- Software: 5 years or the license period in case the latter one is shorter than 5 year
- Network licenses: over the license period
- Rights to use, football and broadcasting rights: over the contract period
- Customer bases and trademarks: 3 to 10 years

The acquisitions of the year are amortized pro rata temporis.

Broadcasting rights acquired in 2018 and 2019 are amortized using the double of the linear depreciation rate with a maximum of 40% of the initial purchase value.

The goodwill resulting from the merger of early 2010 is depreciated over 15 years. This depreciation period is justified by the long life character of the expected profitability of all the merged companies.

The goodwill resulting from the merger of Wireless Technology in 2016 is depreciated over 10 years. This depreciation period reflects the useful life over which the economic benefits from the assets in the business combination are expected to be consumed by Proximus.

The goodwill resulting from the merger of Proximus Group Services NV in 2019 has been fully recognized in the income statement.

TANGIBLE ASSETS

Tangible assets are valued at cost; this is the purchase price, production cost or the contribution value. General expenses are not included.

Tangible assets with an indefinite useful life are not depreciated. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Tangible assets with a finite useful life are depreciated using the straight line method (except for tangible assets acquired in 2018 and 2019). The tangible assets acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40% of the initial purchase value.

The determination of the depreciable amount takes into account a residual value if this can be determined accurately, is material and its realization is sufficiently certain.

They are depreciated at a fixed rate using the following plan, established on the basis of economic criteria:

	Useful life (years)
Land and buildings	
- Land	indefinite
- Buildings and building equipment	22 - 33
- Facilities in buildings	3 - 10
- Leasehold improvements	3 - 10
Technical and network equipment	
- Cables and ducts	15 – 20
- Switches	8 – 10
- Transmission equipment	6 – 8
- Radio Access Network	6 – 7
- Mobile sites and site facility equipment	5 – 10
- Equipment installed at client premises	2 – 8
- Data and other network equipment	2 - 15
Furniture and vehicles	
- Furniture and office equipment	3 – 10
- Vehicles	3 – 10

Fixed assets held under leasing or other similar rights are depreciated based on the useful life of the fixed asset as defined in the contract.

Assets under construction and advance payments are depreciated over the life term of the assets to which they relate.

Fixed assets that are put out of order are valued at net book value or at their expected realisation value if lower. They are no longer depreciated.

The acquisitions of the year are depreciated pro rata temporis.

The tangible assets as well as the assets related to the broadcasting rights acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40%.

FINANCIAL ASSETS

Participating interests and shares are valued at their acquisition cost, which is the purchase price or the contribution value. Only the material ancillary costs are capitalised.

A write down is recorded if a durable permanent impairment or decrease in value of these assets is observed, based on the financial situation, the profitability or the perspectives of the company in which the participating interests or shares are held, taking into account the CBN/CNC advice n° 126-8.

Receivables are recognized at their nominal value. An allowance is recorded when, at the due date, the payment is partially or entirely uncertain.

AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

Amounts receivables are booked at nominal value. Amounts receivable expressed in foreign currencies are converted to EUR at the rate in force at the date of delivery and are translated at the year-end rate.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

STOCKS AND CONTRACTS IN PROGRESS

Inventories of consumables and goods for resale are booked at their cost.

At the time of the annual inventory, the Weighted Average Price method is used to assess the various subdivisions in this caption.

A write down is applied when the realisable value or market value is lower than the acquisition cost or to take into consideration the risks inherent to the nature of the products.

Contracts in progress and work in process are valued at production cost or at market price (if this is lower than the production cost).

The projects of the ICT activity (contracts in progress) are taken into result based on stage of completion.

AMOUNTS RECEIVABLE WITHIN ONE YEAR

These amounts appear on the balance sheet at nominal value.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

Amounts receivable expressed in foreign currencies are converted into EUR at the rate in force on the date of delivery. At balance date they are translated at closing rate.

CURRENT INVESTMENTS

Current investments are valued at nominal value when they concern funds held in financial institutions and at acquisition cost, acquisition price without ancillary costs, in the other case.

A write-down is recorded on the nominal value or on the acquisition cost when the sales value on the closing date of the balance sheet is less than the previously booked value.

For the determination of the realisable value of own shares the market value is taken into account on the one hand and the strike price of granted share options for which these shares are held on the other hand.

Current investments in foreign currencies are translated into EUR at the rate in force on the closing date of the balance sheet.

CASH AT BANK AND IN HAND

Cash at bank and in hand is valued at nominal value. A write-down is recorded on the nominal value when the realisation value on the closing date of the balance sheet is less than the previously booked value. Cash at bank and in hand in foreign currencies is translated into EUR at the rate in force on the closing date of the balance sheet.

PROVISIONS AND DEFERRED TAXES

On the closing date of the balance sheet, an inventory is made of all foreseeable liabilities and contingent losses arising during the current year or during prior years. Provisions are established based on a reliable estimate of the risk on the moment of the establishment of the annual accounts. Provisions reflect the best estimate of probable costs or, when it relates to an obligation, the best estimate of the amount necessary to settle this at year-end closing.

In the framework of the departure plans, provisions are made after approval by the Joint Committee. These provisions are determined as the present value of the benefits granted during the period of inactivity, both for current and future beneficiaries.

In the framework of post-employment benefits, a provision is made for the current and future beneficiaries of these benefits. For the current beneficiaries this provision is determined as the present value of the obligation resulting from the granted benefits. For future beneficiaries, this provision is built up gradually based on the number of years of service. As a consequence, at the pension date, the provision corresponds also to the present value of the obligation for the granted benefits.

The provision for damages concerning vehicles is built by the company as "own insurer" and is valued through an individualisation of all damages that occurred before 2014 and for which the costs will reasonably be bared by the company in future years.

Deferred taxes are booked in compliance with article 76 of the R.D. of January 30, 2001.

AMOUNTS PAYABLE WITHIN ONE YEAR AND AFTER MORE THAN ONE YEAR

Amounts payables are recognized on the balance sheet at nominal value.

Amounts payable in foreign currencies are converted into EUR as follows:

- loans in foreign currencies at the rate in force at the time the loan is concluded;
- trade debts at the exchange rate on the date of entry of the reception of the goods and services.

Trade debts and financial debts, not covered against exchange risks, expressed in foreign currencies are translated at closing rate.

TRANSLATION DIFFERENCES

Exchange gains and losses resulting from the translation are taken in the income statement.

INCOME STATEMENT

The items in the income statement are valued at nominal value. Own construction is booked at production cost excluding indirect costs.

TURNOVER

Revenue is recorded in the period to which they refer, regardless of their payment.

The turnover takes commercial and volume discounts into account.

Specific revenue streams and related recognition criteria are as follows:

- revenue from fixed line, mobile and carrier traffic is recognized on usage.
- revenue from connection fees and installation fees is recognized in income at the time of connection or installation.
- revenue from sales of communication equipment is recognized upon delivery to the third party distributors or upon delivery by the own Proximus shops to the end-customer.

- revenue relating to the monthly rent, the monthly subscription fee and access fees in the framework of fixed and mobile telephony, internet and digital television are recognized in the period in which the services are provided.
- prepaid revenue such as revenue from pre-paid fixed and mobile phone cards is deferred and recognized based on usage of the cards.
- maintenance fees are recognized as revenue over the maintenance period on a pro-rata basis.
- revenue from the ICT activity linked to projects is recognized in the result in function of the realization percentage.

RIGHT AND COMMITMENTS NOT ACCRUED IN THE BALANCE SHEET

The rights and commitments not accrued in the balance sheet are mentioned in the notes, per category, at the nominal value of the commitment in the contract, or failing that, at their estimated value.