REPORT BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON 20 APRIL 2016 ON THE ANNUAL ACCOUNTS OF PROXIMUS S.A. UNDER PUBLIC LAW AS AT 31 DECEMBER 2015

Dear Shareholders,

We have the pleasure of reporting on the operations in the 2015 financial year and of submitting, for your approval, the annual accounts closed as of 31 December 2015.

1. The development and the results of Proximus in 2015 and risks and certainties for Proximus

1.1. Comments on the annual accounts

1.1.1. Balance sheet

The decrease in the intangible assets can be mainly explained by the amortization of the goodwill which resulted from the 2010 merger by absorption. Given the long term nature of the expected profitability of the totality of the merged companies, this goodwill is amortized over 15 years. This decrease is partly compensated by important investments in IT assets and the prolongation of the 2G license.

The net book value of the "plant, machinery and equipment" increased by € 179 million. The 2015 investments of € 614 million exceed the depreciation cost of 2015. On the one hand, there are the investments made in the mobile network to maintain the mobile leadership in the Belgian market; on the other hand, there are the important investments made in the fixed network to roll-out vectoring in order to increase the broadband speed.

The financial fixed assets were mainly influenced by the capital increase in Telindus-ISIT B.V. (Netherlands) and Scarlet Belgium NV; the paying up of the un-called capital and capital increase of Wireless Technologies SA (Belgium) and acquisition of the minority stake of Telindus SA (Luxemburg).

The stock decrease mainly results from the high year-end sales of handsets and TV's and closer stock management.

The amounts receivable within one year increased significantly as a consequence of dividends to be received from subsidiaries.

The own shares decreased by approximately € 19 million mainly as a result of the sale of shares to employees for exercised stock options.

The cash and cash equivalent are approximately € 26 million lower end of December of 2015 compared to December 2014.

The equity increased by more than € 110 million mainly as the Net Income is higher than distribution.

The provisions for liabilities and charges for the social agreement 2005, in respect of the work organization, have decreased as a result of payments made in 2015. This decrease has been partly compensated by the increase in other long term HR provisions due to the review of the assumptions (i.e. change of pension age and discount rate).

The total carrying value (long term and short term parts) of the unsubordinated debentures decreased by € 76 million compared to 2014, as the repayments exceeded the new borrowing. Two unsubordinated debentures will mature in November 2016 for a nominal amount of € 675 million.

Credit institutions payable after more than one year are composed of intercompany borrowings, part of which are maturing in 2016 and were reclassified to amounts payable within one year.

Per 31 December 2015 the current portion of the unsubordinated debentures amounts to € 675 million. Proximus has a combination of ways to cope with this important maturity, 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.

The amount of income tax payable decreased by € 41 million year-over-year mainly due to the payment of the higher 2014 outstanding balance compared to the lower 2015 tax provision and the increased 2015 tax prepayments.

1.1.2. Income statement

Competition from fixed–line and mobile operators in traditional telephony negatively impacted the Fix voice turnover. This decrease was however compensated by increase turnover for digital television, Fix internet and Mobile telco services and the sale of smartphones and tablets. These elements made the total turnover to increase by 1.55% compared to 2014.

The operating charges were mainly influenced by an increase in cost of sales, amortization and depreciation and provisions partially offset by a decrease in services and other goods.

As a result, the operating profit increased by 5.61% to € 442.6 million in 2015.

The year-over-year variance of the financial results relates mainly to higher dividend from subsidiaries and decrease in amounts written off on own shares.

The exceptional results are negatively impacted on the one hand by the settlement agreed with respect to outstanding litigations from the past for mobile telecommunication services with KPN, BASE Company, Mobistar. The settlement agreement involves the payment of an amount of € 120 million. They are on the other hand positively impacted (€ 15 million) by the income recognized with respect to the compensation mechanism for statutory retirees, foreseen in the transfer of the obligation of the legal pensions to the Belgian State in 2003.

The profit of the year, before the appropriation of the result, for 2015 amounts to € 635.5 million, compared to € 747.1 million in 2014.

1.1.3. Appropriation account

We propose the following appropriation (in €):

		2015
Profit of the financial year to be appropriated	+	635,492,734 EUR
Accumulated profits	+	220,214,627 EUR
Profit to be appropriated	=	855,707,361 EUR
Net transfers from the reserves	+	4,991,622 EUR
Return on capital (gross dividend)	-	490,048,341 EUR
Other beneficiaries (personnel)	-	34,543,478 EUR
Profit to be carried forward	=	336,107,163 EUR

On December 11th 2015 an interim dividend of € 161.0 million has been paid.

1.1.4. Right and commitments not included in the balance sheet

Proximus has the right to issue Commercial Paper for a total of € 1,000.0 million, of which none have been issued end 2015, and the right to issue Euro Medium Term Notes for a total of € 3,500.0 million, of which € 2,430.0 million has been issued as of end 2015.

1.2. Most important risks and uncertainties

Taking risks is inherent in doing business and successfully managing risks delivers return to Proximus stakeholders. Proximus believes that 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. The objective 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 33 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 35 of these statements. The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. Note that this is not intended to be an exhaustive analysis of all potential risks Proximus might be facing.

1.3. Enterprise-wide risks

The Group's Enterprise Risk Management (ERM) covers the spectrum of business risks ("potential adverse events") and uncertainties that Proximus could encounter. Proximus 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. It seeks to maximize value for shareholders by aligning risk management with the corporate strategy, assessing the emerging risk from regulation, new technologies on the market, and developing risk tolerance and mitigating strategies. Proximus ERM has been reviewed and updated every year since 2006. 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. Among the risks identified in the ERM exercise of 2015, the following risk categories were prioritized: Competitive market dynamics, Human Resource cost flexibility, Business model evolution, Long-term ambition vs Short-term return and Company Culture.

1.3.1. Competitive market dynamics

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, among which Proximus is the incumbent. Proximus is operating in growing (e.g. smartphones, mobile data, M2M, IT), maturing (e.g. Fixed Internet, post-paid mobile), saturated (e.g. fixed voice) or even declining (e.g. prepaid mobile) markets.

The market is in constant evolution, with competitive dynamics at play that might impact market value going-forward. The Telenet-Base merger, the entry of Mobistar into cable, the transfer of Telenet MVNO customers to the BASE network emptying capacity on the network of Mobistar, the acceleration of adoption of OTT applications disrupting the value of voice and messaging are important, non-exhaustive, factors that could lead to further pressure on the market.

Moreover, Proximus' main competitors Mobistar, BASE and Telenet, are subsidiaries of Orange and Liberty Global respectively, all large international operators able to leverage scale advantages. Nethys and Brutélé (commercial name VOO) are important local cable competitors in the South of the country.

A stronger combined competition (e.g. Telenet-Base), a new market entrant or radical price competition (e.g. via cable wholesale) could cost Proximus market share or force the company to revise prices downwards, impacting negatively revenue and profit. This happened in 2012 when the entry into force of Belgium's new Telecom Law resulted in significant increase in Mobile customer churn. This, combined with aggressive competitor mobile pricing (in both retail and wholesale), forced Proximus to revise its mobile pricing offer at the end of 2012 and in 2013. Potential consolidation among cable operators is also still possible going forward.

Substitution of fixed line services (e.g. by apps and social media like Skype, Facebook, Whatsapp, etc.) and TV content (such as Stievie) could put further pressure on revenues and margins as these over-the-top services are further gaining ground.

Nevertheless, as a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+, Mobile Coverage Extender, Wi-Fi Extender) Proximus has been consistently improving its multi-play value propositions by putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & kids, ...) , developing an omnichannel strategy and improving digital customer interfaces, ... Proximus built itself an advantageous competitive position providing the company with other competitive levers than just price, reducing the risk to churn and price disruption exposure.

Cable operators choose for vertical integration of the value chain, by buying content or even participations in broadcast channels. Proximus is responding to these threats through a convergent and bundled approach and by offering new services (e.g. TV Replay, Proximus Cloud, Smart and Safe Living) and opting for an aggregator model, putting at disposal the best content to its customers (e.g. Netflix).

In 2015, Proximus continued to leverage and nurture its single convergent brand, building on its former mobile brand Proximus. The price-sensitive segment is still addressed via its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the SME market, besides the competitors also active in the Consumer market, we face competition from niche players in the different product markets. In the large-company market, Proximus faces competition from internationally oriented operators like Orange Business Services, Colt, Verizon Business and BT Belgium, and from integrators such as Dimension Data, Getronics, Cegeka and RealDolmen. The scattered competitive landscape drives price competition, which might further impact revenue and margins. Also Telenet's acquisition of Base could further drive price competition on the Enterprise mobile market.

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. Addressing customer business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data will help preserving the value.

Upcoming roaming regulation could also trigger new kinds of competition on the market as from mid-2017.

1.3.2. Human resources cost flexibility

With Proximus' margin having been under pressure for the past few years, the costs of the company need to be significantly reduced in order to preserve the EBITDA. A significant part of Proximus' expenses is 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 lies clearly above the average of international peers and main competitors.

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 the outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in three employees is statutory. The application of HR rules for statutory employees is quite strict and doesn't allow much flexibility. This may restrict Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

Major efforts will be needed to increase flexibility and mobility within the organization. Business complexity is continuously increasing, creating a need for upgraded skills and up-staffing mainly in customer-facing functions.

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 very specific domains like security, digital front-ends, data science, agile IT, ... This shortage could hamper the realization of our convergent and customer-centric strategy and delay some of our ambitions in innovation. This is why the company is focusing so much attention on training programs, internal mobility, and selective hiring of young graduates from relevant fields of knowledge. Proximus' attractive employer brand is definitely helping to attract and retain the right talents.

Early 2016, negotiations are ongoing with the Unions to address the much-needed structural measures to further reduce the workforce. The aim is to enhance employability, to obtain more flexibility to move employees within the organization, to adapt the workforce faster in line with the actual workload, and to align remuneration items with common market practices.

Proximus has recently adapted and simplified the organizational structure in order to evolve towards a high-performance organization.

Different initiatives are ongoing to safeguard the balance between workforce and workload (both in numbers and competencies), to optimize in- and outsourcing, to stimulate (internal) mobility, and to drastically simplify and/or automate Proximus' product and services, processes and systems.

1.3.3. Business model evolution

Proximus' business model and financial performance have been and will be impacted by (disruptive) technologies, such as eSIM smartphone and OTT (over-the-top) services. Proximus' response to new technologies and market developments and its ability to introduce new competitive products or services, meaningful to its customers, will be essential to its performance and profitability in the long run.

The direct relationship with customers is a source of value and to lose part or all of it to those new entrants could affect revenues, margins, the financial position and the outlook of Proximus classical telecommunications product & services.

Like the other operators, Proximus will continue to experience a decline in traditional services (voice and access), partly offset by the increase in revenues from innovative services, but the margins delivered by these new services are, on average, lower than the ones from legacy activities.

In response to this competition, Proximus aims to provide an improved answer to the needs of its customers by offering them integrated solutions that are composed of convergent products, including fixed and mobile communications solutions, service level agreements and managed services. Adding meaningful innovation and embracing relevant OTT partners will be instrumental to remain relevant to its customers.

1.3.4. Long term ambitions versus short term returns

Finding the right balance between long-term ambitions and short-term return is always challenging in competitive and transforming businesses. As the industry moves to platform business and Software-driven services, the technology lifecycles are getting shorter putting more stress on return on investments.

In this context, making the necessary new technology investments today is crucial in order to create and secure future revenue streams. But this could sometimes come into conflict with the required short-term cost cuts needed to improve profitability.

The management is clearly committed to deliver the short-term targets while also preparing for the future.

To do so, the company has taken a number of strong decisions:

1. The absolute Capex level of the company has been raised since 2014 to give more oxygen to invest in networks and systems of the future. This increase allows to fund transformational and multi-year programs while maintaining the focus on the short term actions required to remain competitive (mobile leadership, migrations of customer to the latest available technologies, ...).

2. The company focuses on a limited number of strategic investment clusters where the full company means are prioritized to support the top strategy objectives, our 'blue chips'. The company has also launched wide-scope efficiency programs (centered around simplification, digitization and high performance organisation) to gradually decrease costs with an ambition to decrease total Opex by €100M during the period going from 2013 to 2018.

3. Transversal programs have been kicked-off (digitization, IT transformation, ...) aiming at building, in an end-to-end fashion, the right capabilities, flexibility and enablers to deliver on Proximus' ambitious strategy, to respond more quickly to a fast-changing environment, and to capture opportunities. These programs foresee dedication of means in order to secure the delivery of longer term roadmaps.

4. A long term incentive scheme is in place to favour a long-term value creation mind-set among top management while common annual objectives are set at Group level to favour short- and long-term company interests.

1.3.5. Company culture

In current market dynamics, where technology and customer needs evolve always faster, the risk of organisational inertia is real. If Proximus can't adapt fast enough to market evolution, it risks losing its competitive edge.

Agile companies focus on the ability and capacity to anticipate and embrace changes in order to remain relevant to their customers.

Proximus "Good to Gold" culture is the driving force behind the company transformation towards an agile organisation.

This implies:

1. the sharing of common values: Agility, Collaboration and Accountability

Agility: Take an external view of customers and markets so we can harness our ability to anticipate change and challenge ourselves.

Collaboration: Work together in an enthusiastic and respectful way and be aligned to reach an agreed upon common objective.

Accountability: Be empowered; own a problem and then own the solution.

2. the development of a growth mind-set & mentality

It is people in an organization that ensure its success towards its ambitions. At Proximus, it is people with a growth mind-set that will realize our ambition for sustaining growth. Beyond believing in our goals and ambitions, a growth mind-set is a set of convictions we have about our qualities and skills, our ability to develop them further, becoming even better at what we do in a constant growing and learning mode.

A winning environment starts at the top and permeates the entire organization. In this way we create an environment that enables us to perform at our best and give our customers the best results. Therefore the new culture was introduced top-down, starting from the top of the organisation. All leaders in the organization discovered the cultural insights during the Good to Gold training sessions given by our internal facilitators.

Implementing a sustainable cultural change requires all Proximus employees discover and experience insights, supported and inspired by leaders with the necessary competences, to give coaching and feed-back essential to install and anchor a continuous growth mind-set.

In order to foster accountability, we are also providing field teams with a new approach - called Good to Gold teams – allowing them to improve their empowerment and focus their attention on the levers they have in hand.

1.4. Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of Proximus businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation. Depending on the nature of the risk involved and the particular business or function affected, Proximus is using 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 AMA (Advanced Measurement Approach) methodology. A dedicated "as-if" adverse scenario risk register has been developed in order to make stress tests relevant.

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

The most prominent examples of operational risk factors are stipulated below.

1.4.1. Business Continuity

Interruptions to our ICT infrastructure as well as to the infrastructure that supports our businesses (including those provided by third-party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

Therefore, building and improving resilience of our products and services is and remains a top priority. We are convinced that good business continuity plans will keep our company up and running through interruptions of any kind: power failures, IT system crashes, natural disasters, supply chain problems and more.

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

Proximus is closely following the Business Continuity Institute (BCI) best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit Committee. In case of a major adverse event, Proximus has put in place and is continuously testing a crisis management process called PERT (Proximus Emergency Response Team).

1.4.2. Cyber 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' products, systems and networks. The confidentiality, availability and integrity of Proximus and its customers' data are also at risk.

We are taking the necessary actions & investments to mitigate those risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans.

1.4.3. Supply chain

Proximus depends on key suppliers and vendors to provide equipment that it needs to operate its business.

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 into account in order to keep an acceptable supply chain risk 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

1.4.4. Data privacy protection

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organizations to use data for business purposes.

Considering that Proximus is committed to protecting personal data and privacy, the company has appointed a dedicated Data Protection Officer (DPO) which has for mission to:

1. Verify that customers' personal data are processed reliably and stored securely.
2. Monitor & Control to ensure the security of customer data.
3. Give assurance that Proximus is transparent in terms of the handling customers' and users' data at all stages of our relationship with them.
4. Provide support to our customers and users to help them to protect their privacy and manage their personal data better.
5. Give assurance that Proximus takes proper care of employee and customer data, explaining why and how we collect it and use it, and who can access it.

The Data Protection Officer will also steer a privacy committee gathering the various stakeholders in data management in order to coordinate the privacy action plan across the organisation.

1.5. Risk & Compliance Committee

In 2015, a Risk Management & Compliance Committee was created which reports to the Executive Committee. It oversees the Company's most critical enterprise & operational risks and how management is monitoring and mitigating those risks.

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.

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

1.6. Financial reporting risks

In the area of financial reporting, in addition to the general enterprise risks also impacting the financial reporting (e.g. personnel), the major 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 could have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment could result in financial statements which do not provide a true and fair view any more. Changes in legislation (e.g. pension age, customer protection) could 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 timely and adequately foreseen, the timeliness and reliability of the financial reporting could be put at risk.

It is the responsibility of the Corporate Accounting department to follow the evolution 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 the Proximus financial reporting is proactively analyzed.

For every new type of transaction (e.g. new product, new employee benefit, business combination), an in depth analysis from a financial reporting, risk management, treasury and tax point of view is performed. In addition, the development requirements for the financial systems are timely defined 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 controls.

On a regular base, the Audit & Compliance Committee (A&CC) and the Executive Committee are informed about new upcoming financial reporting standards and their potential impact on the Proximus' financials.

Changes in tax law and regulations

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

The tax department continuously follows 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 draft laws available etc., an impact analysis is made from a financial perspective and from an operational point of view. 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 a continuous monitoring on 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 affiliates, a very detailed closing calendar is established, which includes in detail cross-divisional preparatory meetings, deadlines for ending of 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, as well as detective controls, where the outcome of the processing is being analyzed and confirmed. Specific attention is given to reasonableness tests, where financial information is being analyzed against more 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.

2. Important events that have occurred after the end of the period

There are no events that occurred after 31 December 2015 that have not been reflected in the financial statements.

3. Circumstances that can significantly influence the development of Proximus

Circumstances that can significantly influence the development of Proximus are listed in caption '1.2 Most important risks and uncertainties'.

4. Evolution in research and development activities

In 2015, the Research & Development activities of Proximus covered various domains. A number of R&D activities have been started previously, and continued in 2015, whereas others have started new in 2015. R&D in Proximus covers studies and introductions of new technologies and services, and involves as well co-operation with other R&D actors.

To feed those innovation programs and to make sure that the major trends are embedded in the company strategy, blue prints are communicated towards the main stakeholders and the Technology Trends team has been reinforced. The goals are to scan and analyze the long term technical evolutions and disruptions, and to capture major trends in innovation & venturing linked to technology as well as the outcomes from standardization and industry policies.

4.1. Study of potential new technologies

Fixed access network

- A study has been started to investigate the potential of deploying fiber closer to the homes, by re-using the last meters of the existing copper pair or existing coax cable for connecting the home (solution based on G.Fast standards).

- A study was launched to investigate the potential of new technologies that would allow to significantly increase the download speed over existing copper pairs on short loops (solution based on 35 MHz standards).

- Proximus invested in the start-up Tessares, a spinoff of UCL, with the objective to develop a solution for a better internet experience by increasing the convergence between fixed and mobile networks. This development is based on the bundling of available capacity on access networks by implementing the Multipath TCP standard. As such, Proximus can combine fixed and mobile networks using existing infrastructure. The customers' benefits are more bandwidth, higher reliability and greater security while combining multiple networks. A successful Proof of Concept has been done on the Proximus network and the co-developed solution was awarded the '2015 Broadband Forum Highly Commented Award for Greatest Advancement in the field of Fixed Mobile Convergence' in October 2015.

Mobile access network

- Proximus started investigations on how to further extend capacity in the mobile network on the long term, by applying other deployment models than those which are based on the traditional large mobile site towers. Those new deployment models also are key for the introduction of 5G later on.

Network simplification

- Proximus continued the studies related to the structural replacement of the Copper by Optical Fiber, with a focus on the connections between the switching locations and the street cabinets. The objectives are (1) to simplify the networks, (2) to provide a higher reliability, (3) to operate in a more efficient way and (4) to reduce the technical buildings, both in number and in size.

Service platforms

- Proximus started studies and preparations towards Proof of Concepts related to the introduction of new concepts in the service development, like Network Function Virtualization (NFV) and Software Defined Networks (SDN). These concepts are aiming at higher agility and lower cost-to-serve by (1) creating network abstraction for automated and fast deployment of services and (2) de-coupling the implementation of customer functionalities from the hardware to use standard equipment.

- Proximus has done a Proof Of Concept in close collaboration with its vendor in order to investigate how triangulated radio network signals can enhance its operational processes and future location insights services. Research was done on the information feed and analytical algorithms to gain insights.

- Together with some major Belgian broadcasters, Proximus is studying and testing via a Proof of Concept how advertising on TV can be done in a smarter and more personalized way, with the aim to offer a better user experience and creating new business models for the advertising sector.

4.2. Launch of new technologies or further enhancements of existing technologies

Fixed access network

- Proximus and Alcatel-Lucent continued their partnership on the development of VDSL technology, specifically around vectoring. Vectoring is a technology that enables the cancellation of interferences between copper lines and as such increases substantially the data throughput that can be offered. As a result of this partnership, Proximus was able to deliver downstream speeds of up to 100 Mbps on its network, now already available to more than 1 out of 4 customers. The implementation of the same concept on the upstream direction started at the end of the year and will yield improvements in 2016.

- After having previously conducted 3 pilots in 2015 (in Brecht, Bredene and the Up-Site tower in Brussels), Proximus started using Fiber-To-The-Home as the default deployment technology in new residential zonings.

Mobile access network

- As first operator in Belgium, Proximus rolled out 4G+ (or LTE-Advanced) technology in 20 cities. With a compatible smartphone, 4G+ enables mobile download speeds of up to 225 Mbps.

- Proximus started using new and advanced tools for in-depth analysis of local coverage and quality performance to further improve its mobile coverage and experience inside buildings, on highways, in tunnels and public places.

- To provide a seamless experience to Proximus customers when on the move, a secure Smart Wi-fi solution was released to automatically switch between cellular 3G/4G network and the Proximus WiFi hotspots in Belgium.

- Proximus launched a commercial Internet of Things network based on the LoRa technology. The initial coverage contains 10 cities and logistic centers (harbour, airports) in Belgium and Luxembourg.

Network simplification

- Proximus started the development of the future transport network architecture and supporting technologies, aiming to cope with disruptive traffic growth, higher resiliency, as well as backbone network simplification.

Service platforms

- Proximus further developed the concept of Enabling Company aiming at tailored final end-user products by using the modular assets of Proximus and engaging customers, partners and developers through the use of programmable interfaces (API).

- For its TV service, Proximus introduced a totally new and improved Converged TV experience. For this, the TV user interface was completely re-designed and provides a common look and feel irrespective of the screen, be it TV, tablet or smartphone. The tablet and smartphone can also act as remote control for the TV screen. TV Replay became a standard offering in all packs, allowing to review programs up to 36 hours in the past. The launch of the Swipe Box allows users to easily display pictures and videos, taken with their smartphones and tablets, on the TV screen.

4.3. Open-innovation activities co-operating with other R&D actors

Next to these initiatives in the various phases of technology development, Proximus also has re-enforced its open-innovation activities co-operating with other R&D actors.

Proximus collaborates with leading universities, industrial partners and several other bodies, such as iMinds (Flanders' digital research & entrepreneurship hub), where Proximus is Member of its Board of Directors. Collaborations either take the form of partnerships in R&D& Innovation projects, as well as of sponsoring & advisory activities through Proximus' involvement in projects' Industrial Advisory Committees.

In 2015, Proximus started the Shift-TV project, an R&D project realized in partnership with industrial partners and universities to investigate advanced solutions for video streaming, including 4K. The participation to this project is partly funded by Innoviris (The Brussels Institute for Research and Innovation) under the framework of ICON, the iMinds' Cooperative Research Program.

Proximus also notified its R&D program to BELSPO (the Public Service for Science Policy) for the period 2014-2016. This program was guided by the 2014 strategy of the company focussing on simplification, convergence and targeted innovation. In 2015, activities part of this program concerned the study of the potential of new technologies, the launch of new technologies, as well as further enhancements of new technologies.

5. Branches

The Branch in the Grand duchy of Luxembourg was established in 2002 and is responsible for the management of the Luxembourg subsidiaries and the implementation of the group strategy in Luxembourg.

In 2015, with the purchase of the minority stake of ArcelorMittal in Telindus SA, a Strategic Committee was established at the level of the branch focusing on (1) the implementation of the Fit-for Growth strategy for the Luxembourg market and the valorisation of the synergies identified between Tango, Telindus and the Group, (2) the close management of the Luxembourg participations and (3) the development the 'Proximus House' in Luxembourg.

6. 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.

Proximus is therefore 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.

7. Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC) which consists of three to maximum five non-executive directors, the majority of whom must be independent. In line with its charter, it is chaired by an independent director.

The members of the Audit & Compliance Committee have sufficient expertise in financial matters to discharge their functions. Mr. Paul Van de Perre is competent in accounting and auditing, he holds a MBA in Economics and is a certified accountant (IAB). Mrs. Catherine Vandenborre holds a degree in Business Economics from the UCL as well as degrees in tax law and management of financial risks.

8. Corporate Governance Statement

Proximus governance model

At Proximus, the bylaws are strongly influenced by the specific legal status of the company. As a limited liability company under public law, Proximus is in the first instance governed by the Law of 21 March 1991 on autonomous public sector enterprises ("the 1991 Law"). For matters not explicitly regulated by the 1991 Law, Proximus is governed by Belgian Company law.

The key features of Proximus' governance model are:

- A Board of Directors, which defines Proximus' general policy and strategy and supervises operational management;
- The creation by the Board of Directors within its structure of an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Strategic & Business Development Committee;
- A Chief Executive Officer, who takes primary responsibility and ownership for operational management (including, but not limited to, day-to-day management);
- An Executive Committee, which assists the Chief Executive Officer in the exercise of her duties.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease its participation below 50%. The Board will propose at the next General Shareholders meeting a number of changes to the bylaws in order to incorporate the amendments to the 1991 Law.

8.1. Designation applicable Code on Corporate Governance

Proximus designates the 2009 Belgian Code on Corporate Governance as the applicable Code (www.corporategovernancecommittee.be).

8.2. Deviations from the 2009 Belgian Corporate Governance Code

Proximus complies with the 2009 Belgian Corporate Governance Code, except for provisions 4.6 and 4.7.

For independent Board members, Proximus adheres to 4 years for the duration of a Board mandate as recommended by provision 4.6 of the Belgian Corporate Governance Code. Mr. Martin De Prycker was appointed in April 2015 for a 4 year mandate until 2019. However, Board directors appointed by the Belgian State have a mandate for 6 years as prescribed by article 18 paragraph 3 of the 1991 Law. In accordance with this provision, the Belgian State appointed Mr. Karel De Gucht for a mandate of 6 years in September 2015.

Where provision 4.7 of the 2009 Belgian Corporate Governance Code states that the Board appoints its Chairman, article 18 paragraph 5 of the 1991 Law foresees that the Chairman is appointed by the Belgian State by Royal Decree in the Council of Ministers. The adopted modernization of the law stipulates that the Chairman is appointed by the Board, so that in the future Proximus will be compliant with this provision.

8.3. 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 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.

8.3.1. Control environment

Organization of internal control

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC) (see caption 7). 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 qualitatively 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 formations session on Proximus new business products & services.

8.3.2. Risk analysis

Major risks and uncertainties are reported in the caption '1.2 Most important risks and uncertainties.'

8.3.3. Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption '1.2 Most important risks and uncertainties'.

8.3.4. 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 today 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 includes 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).

8.3.5. 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.

8.4. Composition and functioning of the governing bodies and their committees

8.4.1. Board of Directors

As provided for in the 1991 Law, the Board of Directors is composed of:

- Directors appointed by the Belgian State in proportion to its percentage of ownership;
- Directors appointed by a separate vote among the other shareholders, for the remaining seats.

At least 3 of these directors must be independent according to the criteria of article 526ter of the Belgian Company Code and of the Belgian Corporate Governance Code. The Board of Directors is composed of maximum 16 members, including the person appointed as Chief Executive Officer. In 2015, the Board was composed of 14 members. 7 Board members were appointed by the majority shareholder, the Belgian State. The 7 other Board members are independent as per article 526ter of the Belgian Company Code.

Changes in the composition of the Board of Directors:

- On 15 April 2015, the mandate of Mr. Jozef Cornu came to an end.
- On 15 April 2015, Mr. Martin De Prycker was appointed as independent director by the general meeting of shareholders.
- On 25 September 2015, the mandate of Mr. Theo Dilissen came to an end.
- On 25 September 2015, Mr. Karel De Gucht was appointed by the Belgian State as director.

Proximus is proud of a substantial female representation on its Board of Directors, with a balance of 50% men and 50% women. This composition and the complementary expertise and skills of all directors create a dynamic which benefits the good management of the company.

Members of the Board of Directors appointed by the Belgian State:

Name	Age	Position	Term
Stefaan De Clerck	64	Chairman	2013 – 2019
Dominique Leroy	51	Chief Executive Officer	2014 – 2020
Theo Dilissen (1)	62	Director	2004 – 2015
Karel De Gucht (2)	62	Director	2015 – 2021
Martine Durez	65	Director	1994 – 2019
Laurent Levaux	60	Director	2013 - 2019
Isabelle Santens	56	Director	2013 - 2019
Paul Van de Perre	63	Director	1994 - 2019

(1) End of mandate 25 September 2015
(2) Appointed on 25 September 2015

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

Name	Age	Position	Term
Jozef Cornu (1)	71	Independent director	2009 - 2015
Pierre Demuelenaere	57	Independent director	2011 - 2017
Guido J.M. Demuynck	65	Independent director	2007 - 2019
Martin De Prycker (2)	61	Independent director	2015 - 2019
Carine Doutrelepont	55	Independent director	2004 - 2016
Agnès Touraine	61	Independent director	2014 - 2018
Lutgart Van den Berghe	64	Independent director	2004 - 2016
Catherine Vandenborre	45	Independent director	2014 - 2018

(1) End of mandate on 15 April 2015
(2) Appointed on 15 April 2015

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 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 provides, 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. They should be prepared by standing or ad hoc Board Committees with significant representation of non-executive, independent directors within the meaning of Article 526ter of the Belgian Company Code.

The Corporate Governance Charter and the Charter of the Board of Directors have been updated:
- in February 2014 whereby the notion "conflict of interest" received a broader interpretation and
- in June 2015 to reflect the name change (Belgacom became Proximus) and the new operational structure.

Besides the legal clauses, applicable to Proximus, the approved extra-legal stipulations are:
Directors are committed 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

In accordance with the bylaws, Proximus has an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Strategic & Business Development Committee.

Following the appointment of a new director by the general shareholders meeting in April 2015, the Board reviewed the composition of all the committees.

Messrs. Guido J.M. Demuynck (Chairman), Stefaan De Clerck (as of 7 May 2015), Pierre Demuelenaere (as of 7 May 2015), Paul Van de Perre and Mrs. Catherine Vandenborre are the members of the Audit & Compliance Committee.

Messrs. Stefaan De Clerck (Chairman), Jozef Cornu (until 15 April 2015), Pierre Demuelenaere, Martin De Prycker (as of 7 May 2015), Mrs. Martine Durez and Mrs. Lutgart Van den Berghe are the members of the Nomination and Remuneration Committee.

Mr. Stefaan De Clerck (Chairman), Mrs. Dominique Leroy, Messrs. Jozef Cornu (until 15 April 2015), Martin De Prycker (as of 7 May 2015), Theo Dilissen (until 25 September 2015), Karel De Gucht (as of 22 October 2015), Mrs. Carine Doutrelepont and Mrs. Agnès Touraine are the members of the Strategic and Business Development Committee.

Activity report

In its meeting of 24 February 2011, the Board adopted a "related party transactions policy" 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 relationships are at arm's length of nature, and are typically not addressed at the level of the Board of Directors. Proximus is also a Partner of Guberna, the Belgian Institute for Directors (affiliated with Mrs. Lutgart Van den Berghe who is Executive Director of Guberna), for which it has paid a fee of € 30,250 in 2015.

Evaluation of the Board

The Board of Directors decided to organize a new self-evaluation in the course of 2016.

8.4.2. Executive Committee

The members of the Proximus Executive Committee, other than Mrs. Dominique Leroy, the CEO, are Mrs. Sandrine Dufour, Messrs. Michel Georgis, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Bart Van Den Meersche and Phillip Vandervoort.

Mr. Ray Stewart, CFO, retired and left the company on 31 March 2015.

Proximus has appointed members of the Executive Committee and of its staff to 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 point 10.1 of this report.

8.5. Remuneration report

This report consists of an overview of the key elements of the executive remuneration policy and a summary of the remuneration effectively allocated in 2015 to the Directors and to the Executive Committee, Chief Executive Officer included.

Transparency on executive remuneration is considered by our company as very important. Therefore, in conformity with the corporate governance law of April 6, 2010 and Principle 7 of the corporate governance Code 2009, our company provides the following information towards its shareholders and all other stakeholders: the description of the Directors' remuneration and a high level explanation of the Proximus Group remuneration policy. Furthermore, it includes an analysis of our executive remuneration and provides an overview of the main provisions of the contractual relationships.

8.5.1. Directors' Remuneration

Directors' remuneration policy

The remuneration of the Directors was decided by the General Shareholders' Meeting of 2004.

The structure and level of this remuneration did not change in 2015: 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 Martine Durez (until 19 March 2015), Mrs Catherine Vandenborre (as of 21 May 2015), Mr Theo Dilissen (until 17 September 2015) and Mrs Sandrine Dufour (as of 10 December 2015) are 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 Directors do not receive performance-based remuneration such as bonuses or long-term incentive programs, nor do they receive benefits linked to pension plans.

Overview of Directors' Remuneration

The individual Directors' remuneration for the fiscal year 2015, based on their activities and attendance at Board and Committee meetings, is presented in the following chart.

Activities report and attendance at Board and Committee meetings:

Name	Board (total 8*)	ACC (total 6*)	NRC (total 5)	SBDC (total 2)	Total remuneration**
Stefaan De Clerck (1)	8 /8	4 /4	5 /5	2 /2	166,500 €
Dominique Leroy	8 /8			2 /2	0 €
Jozef Cornu(2)	1 /1		1 /1	1 /1	17,875 €
Karel De Gucht (3)	3 /3				17,200 €
Pierre Demuelenaere (4)	8 /8	4 /4	5 /5		82,000 €
Guido Demuynck	8 /8	6 /6			87,000 €
Martin De Prycker (5)	7 /7		3 /3	1 /1	59,125 €
Theo Dilissen (6)	5 /5			1 /1	47,375 €
Carine Doutrelepont	8 /8			1 /2	64,500 €
Martine Durez	8 /8		5 /5		74,500 €
Laurent Levaux	6 /8				52,000 €
Isabelle Santens	7 /8				62,000 €
Agnès Touraine	8 /8			2 /2	67,000 €
Paul Van de Perre	8 /8	6 /6			74,500 €
Lutgart Van den Berghe	6 /8		5 /5		69,500 €
Catherine Vandenborre	7 /8	6 /6			69,500 €

* One Board meeting & one ACC meeting not remunerated **Total remuneration: telecom advantage included

ACC: Audit & Compliance Committee; NRC: Nomination & Remuneration Committee;
SBDC: Strategic & Business Development Committee

(1) Member of the ACC as of 7 May 2015
(2) Mandate ended on 15 April 2015
(3) Mandate as of 25 September 2015 and member of the SBDC as of 22 October 2015
(4) Member of the ACC as of 7 May 2015
(5) Mandate as of 15 April 2015 and member of the NRC and SBDC as of 7 May 2015
(6) Mandate ended on 25 September 2015

8.5.2. 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 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 company's Human Resources 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 a high performance culture. To foster this culture, it is critical to have a market attractive Global Rewards Program.

The objectives of our Global Rewards Program are:

- To drive performance that generates long-term profitable growth;
- To stimulate empowerment that reinforces the business strategy and desired culture;
- To offer fair and equitable remuneration both to civil servants and to the group's contractual employees, according to market practices;
- To recognize and reward high performance;
- 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, 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.

8.5.3. Executive Remuneration

Objectives and principles

Our company has a balanced executive remuneration policy which rewards executives competitively and at rates which are attractive in the market, aligning the interests of management and shareholders. We want to attract and retain high performing top executives for our Executive Committee and for our senior management. We want to reward clear role models, who have a commitment to high performance and to our Group values.

The top executives are covered by dedicated reward programs which focus on the principles of our strategy to consistently reward high performance by individuals and by the company. A significant proportion of the total remuneration offered to our company's executives is variable and performance related, 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.

To distinguish ourselves from other employers, we seek to excel in the total package we offer, by providing not only cash but also numerous other benefits. A fundamental principle of our remuneration policy is a degree of freedom for executives in choosing how they want to be rewarded.

Definition of the level of compensation

The Nomination & Remuneration Committee sets the remuneration policy for top executives and submits to the Board of Directors for approval recommendations on the individual packages for the CEO and for the other members of the Executive Committee. These are regularly verified by benchmarking executive pay against both the BEL 20 companies (financial sector excluded) and a set of peer companies in the European Telecommunications and ICT sector.

The current remuneration policy does not provide for a specific contractual claw back stipulation in favor of our company for the variable remuneration of executive managers accorded on the basis of incorrect financial information, this without deterioration of the various legal provisions applicable between the concerned individuals and the company (e.g. Acts of July 7, 1978, April 12 1965 and February 10, 2003 concerning the claw back possibilities from employees in case of fraud, serious fault and usual minor fault, civil liability, etc.).

Executive Committee's remuneration overview

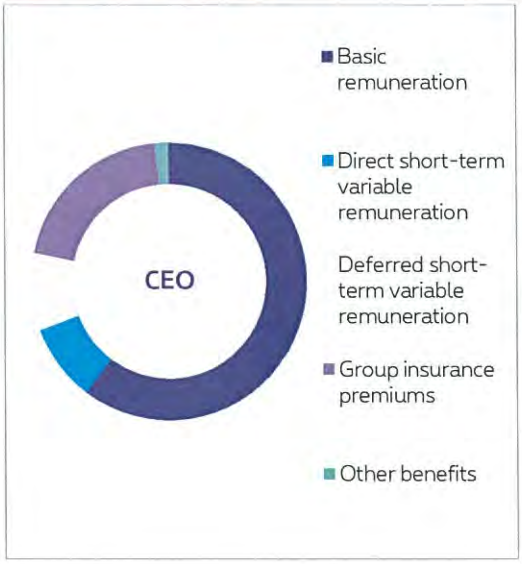
Executive Committee's remuneration structure

The executive remuneration policy is built upon fixed components, being the basic remuneration, the retirement and post-employment benefits and other benefits, and variable performance based components, being the short-term variable remuneration and the long-term variable remuneration.

Remuneration element		Strategic role
Fixed		
- Basic remuneration	Involves fixed cash compensation, the base salary	Attracts talents
		Rewards for performance of day to day activities
- Retirement, post-employment	Regroup a market conform portfolio of benefits and advantages	Attracts talents through advantages which are competitive in the market place
Variable		
- Short-term variable remuneration	Is based on achievements of annual measures of which 60% is driven by Group Performance and 40% by individual leadership performance	Drives and rewards annual performance of our company
		Drives and rewards sound strategic and business decisions for our long term company's success
		Aligns interests of management and shareholders
- Long-term variable remuneration	Consists of a Performance Value Plan based on our company's Total Shareholder Return versus a predefined basket of European telecom operators	Aligns & drives senior management's long-term performance with shareholders' expectations
		Ensures right decisions for the future success of our company
		Attracts and retains talents

The relationship between the distinct remuneration components of the CEO and of the other members of the Executive Committee is illustrated in the enclosed graphs. 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 2015)



Since her nomination as CEO in January 2014, Mrs. Dominique Leroy has boosted the profound transformation our company initiated in 2013. This transformation has moved up a gear under her leadership and with the full support of the Board of Directors, of the Executive Committee and of the employees in a large extent.

One of the pillars of this transformation consisted in a review of the company organization.

Further to this organizational review, and the resulting significant changes in terms of roles and responsibilities within the Executive Committee, the Nomination and Remuneration Committee has ordered an external benchmark in 2015, assessing the market positioning of the members of the Executive Committee, Chief Executive Officer included, in terms of executive pay against both the BEL 20 companies (financial sector excluded) and a set of peer companies in the European Telecommunications and ICT sector.

Based on the results of this external benchmark, the Nomination and Remuneration Committee has made recommendations to the Board of Directors aiming to secure our Group's attractiveness and competitiveness and to ensure retention. In September 2015, the Board of Directors consequently decided to take action to evolve towards an alignment of the variable remuneration of the members of the Executive Committee on market median practices.

Therefore, as from performance year 2016 and as per decision of the Board of Directors, the minimum target short- and long-term variable remuneration for the members of the Executive Committee others than the Chief Executive Officer is increased and the members not yet at this minimum will thus see their short- and long-term variable remuneration target increase.

Basic remuneration

Variance 2014/15 in a few words:

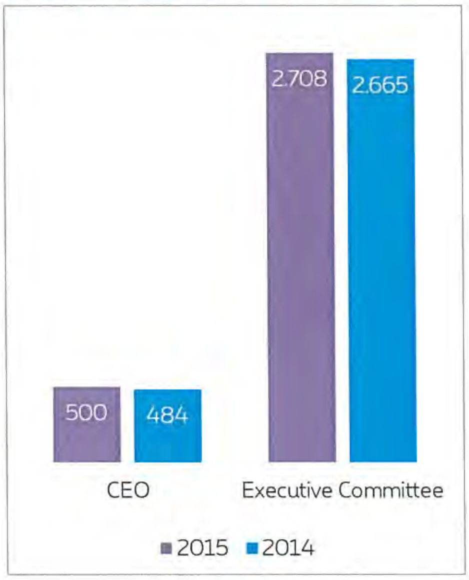
- CEO: full year in 2015 versus appointment on January 13, 2014
- Changes within the Executive Committee in 2014 and appointment of a new Chief Financial Officer early 2015

The basic remuneration of the Executive Committee members is annually reviewed by the Nomination & Remuneration Committee, based on an extensive review of performance and assessment of potential provided by the Chief Executive Officer, as well as on external benchmarking data on market practices.

The basic remuneration consists in the base salary earned by the CEO and by the other members of the Executive Committee for the reported year in such respective roles. The CEO, Mrs. Dominique Leroy, is also a non-remunerated member of the Board of Directors.

The evolution in the figures is due to the changes within the Executive Committee composition.

Basic remuneration in kEUR
before employer social contribution



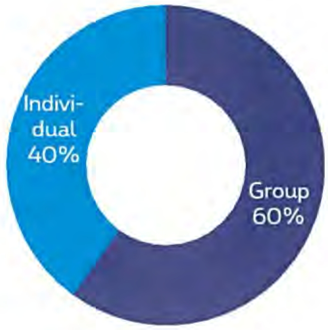
Short-term variable remuneration

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 realizations are therefore highly impacting the short-term variable remuneration of the members of the Executive Committee, on top of individual performance, and this in line with our company values.



Group performance: Key Performance Indicators

Short-term annual variable remuneration is thus partly calculated in relation to performance against Key Performance Indicators (KPI's) set by the Board of Directors upon advice 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 key financial indicator used is the operational cash flow
- Another financial indicator used is the number of new customers in voice, fix, internet and TV businesses
- Important non-financial indicators included are Simplification and Customer Experience, measuring our progresses versus our ambition in these domains
- Another operational indicator is 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. The results are based on audited financial figures and non-financial indicators measured by internal and external agencies specialized in market and customer intelligence, of which the processes are audited on a regular basis.

These performance indicators are taken into account for the Group performance final result according to a predefined weight per indicator.

Individual performance

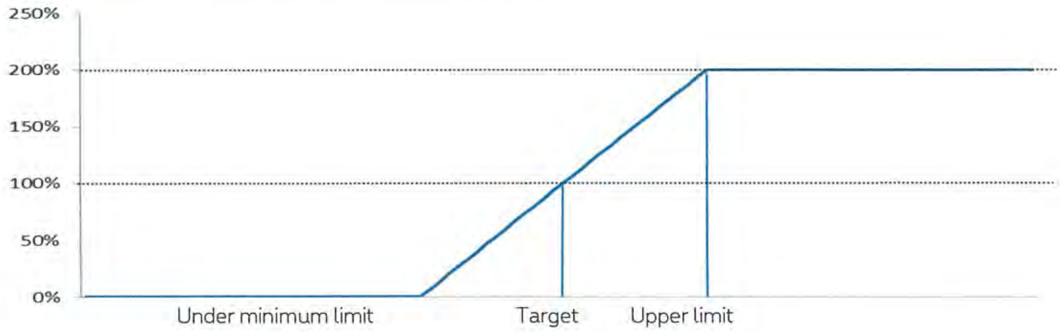
On top of the Group results, the individual performance is evaluated by the Board of Directors versus pre-defined measurable objectives.

Short-term variable remuneration allocation and pay-out

Our company wants to position top executive short-term variable remuneration for the achievement of targets at 100%.

In case of sustained excellent performance at Group and individual level, the short-term variable remuneration can go above the 100% with a cap at 200%, according to a linear allocation curve.

Allocation curve – short-term variable remuneration



Once the short-term variable remuneration is allocated to the CEO and to the other members of the Executive Committee, different pay-out options are offered to them.

In 2014 and in 2015, the CEO and the other members of the Executive Committee could choose to receive their short-term variable remuneration, rewarding their performances of respectively 2013 and 2014, in cash bonus or under the "Discounted Share Purchase Plan".

The Discounted Share Purchase Plan provides the right to buy allocated shares at a 16.66% discount. The value of this 16.66% discount is equal to the gross value of the short-term variable remuneration result. The executive himself finances 83.34% of the full share purchase price, requiring a significant personal investment. The shares are treasury shares and are blocked for a period of two years.

The amounts mentioned in present remuneration report are related to the short-term variable remuneration effectively paid out in 2015, rewarding performance year 2014, compared to the short-term remuneration effectively paid out in 2014, rewarding performance year 2013.

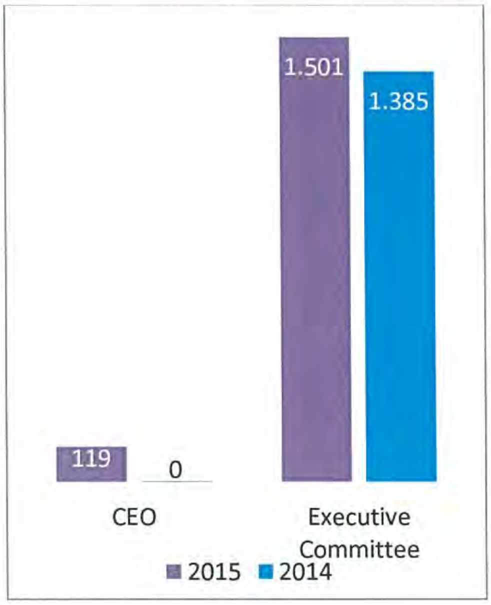
The former CEO left the Group in November 2013 and current CEO started her mandate in January 2014. As a consequence, no short-term variable remuneration has been paid out for a CEO role in the reported year 2014. Short-term variable remuneration has been paid out to Mrs. Dominique Leroy in her CEO role at first in 2015.

Besides, as per her contract and in accordance with article 520 ter of the Belgian Company Code, the short-term variable remuneration of the CEO is now spread over 3 years. Indeed, 50% of her variable remuneration is related to performance indicators of the accounting year (= direct short- term variable remuneration) while the other 50% will be deferred: 25% is related to performance indicators pertaining over a period of 2 years and 25% is related to performance indicators pertaining over a period of 3 years.

As a consequence, no deferred short-term variable remuneration has been paid out yet to the CEO in 2015. Besides, the Board of Directors also did a very positive evaluation of the realizations of the Chief Executive Officer, given the overachievement of her objectives and the long term value she has created since her nomination in this role. A direct short-term variable remuneration has thus been paid in 2015 for the amount of EUR 118,950, as per assessment by the Board of Directors of exceeding performance versus the pre- defined targets and goals defined to the 2014 performance year.

As for the other members of the Executive Committee, the increase between the amounts paid out in 2015 versus 2014 is mainly due to much better KPI results for performance year 2014 compared to performance year 2013, as well as to the 10% decrease decided by the Executive Committee on their individual part for performance year 2013, impacting the pay-out in 2014.

Short-term variable remuneration in kEUR before employer social contribution



CEO:

- Pay-out in 2014: no short-term variable remuneration allocated for performance year 2013 as the CEO mandate only started in January 2014
- Pay-out in 2015: only a non-deferred direct short-term variable remuneration allocated, related to performance year 2014, for the amount of EUR 118,950

Other ExCo members:

- Pay-out in 2014 (for performance year 2013): 10% decrease on the individual part
- Pay-out in 2015 (for performance year 2014): much better KPI results versus previous year

Long-term variable remuneration

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 aims to keep our executive remuneration policy balanced and attractive, as well as compliant with the shareholders' expectations.

Our Performance Value Plan is fully performance driven and transparent, aligned on market best practices and is inspired by Long-Term Incentive Plans used by other European Telecommunications companies.

The performance criterion of this plan is the Total Shareholder Return. Our Total Shareholder Return is measured against the respective Total Shareholder Return of a basket of 12 other European telecom operators.

Under this Performance Value Plan, the granted awards are blocked for a period of 3 years, after which the Performance Values vest. After this period, the possible exercising rights depend on the performance of our Total Shareholder Return compared to the group of peer companies.

Peer companies currently included in the basket

- BT
- Deutsche Telekom
- OTE
- KPN KON
- Orange
- Swisscom
- TDC
- Telecom Italia
- Telefonica
- Telekom Austria Group
- Telenor
- Telia AB

Once the Performance Values are granted to the other members of the Executive Committee, different pay-out options are offered to them.

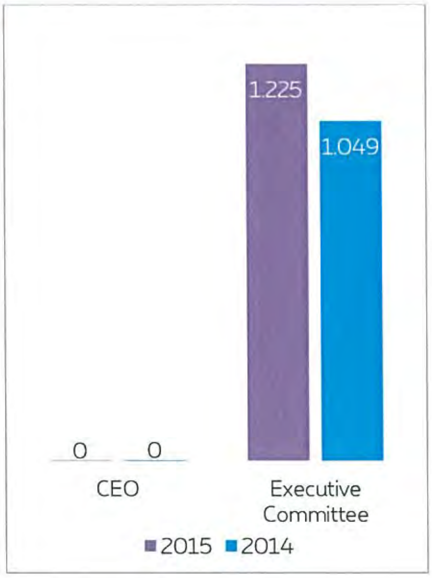
The other members of the Executive Committee can choose between 3 different pay-out options being cash, Discounted Shares Purchase Plan, and Proximus shares. These options cannot be combined and the preferred pay-out option has to be made at the date of grant and is irreversible. The members who performed (partly or totally) the performance years 2013 and 2014 as members of the Executive Committee all opted to receive their Performance Values in 2014 and in 2015 in cash bonus. This implies employer social contributions to be taken into account.

The former CEO left the Group in November 2013 and current CEO, who started her mandate in January 2014, is not eligible to long-term variable remuneration. As a consequence, no long- term variable remuneration has been granted for a CEO role in the reported years 2014 and 2015.

The long-term variable remuneration reported for the other members of the Executive Committee has increased in 2015 in comparison with 2014, which is mainly due to changes in the composition of the Executive Committee, several members having only performed part of the 2013 performance year (granting in 2014) as members of the Executive Committee.

Long-term variable remuneration in kEUR before employer social contribution

- CEO: not eligible to long-term variable remuneration.
- Other members of the Executive Committee: changes in the composition of the Executive Committee



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.

The remaining stock options of current members of the Executive Committee, CEO included, and their evolution in the course of 2015 is presented in below chart.

Overview of the Stock Options of the members of the Executive Committee

STOCK OPTIONS		Dominique LEROY	Michel GEORGIS	Dirk LYBAERT	Geert STANDAERT	Bart VAN DEN MEERSCHE
on January 1st, 2015		12.665	122.182	14.936	8.000	15.000
Exercised in 2015	Number	0	122.182	13102	0	0
	Year of grant	-	2011, 2012	2011	-	-
Lapsed in 2015	Number					
	Year of grant					
Forfeited in 2015	Number					
	Year of grant					
on December 31, 2015		12.665	0	1.834	8.000	15.000

Sandrine Dufour, Renaud Tilmans and Phillip Vandervoort do not have stock options.

Retirement, post-employment and other benefits

Retirement and post-employment benefits

The CEO and 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.

They 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.

General overview

The year-over-year evolution is mainly the consequence of the changes in the composition of the Executive Committee, including the change of CEO (the former CEO left the Group in November 2013 and current CEO started her mandate in January 2014), and much better KPI results for the 2014 performance year versus previous year.

Below chart reflects the remuneration and other benefits allocated directly or indirectly to the members of the Executive Committee in 2015 and 2014 by the company or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

Overview remuneration of the members of the Executive Committee

	CEO		Other members of the Executive Committee*	
	2014	2015	2014	2015
REMUNERATION				
Basic remuneration	483,696 €	500,000 €	2,665,045 €	2,707,781 €
Direct short-term variable remuneration	0 €	118,950 €	1,384,979 €	1,500,812 €
Deferred short-term variable remuneration	0 €	0 €	0 €	0 €
Long-Term variable remuneration	0 €	0 €	1,049,439 €	1,225,250 €
Retirement and post-employment benefits	162,068 €	167,066 €	641,374 €	715,319 €
Other benefits	11,494 €	13,159 €	164,294 €	121,658 €
SUBTOTAL (excl. employer's social contribution)	657,258 €	799,175 €	5,905,131 €	6,270,820 €
Termination benefits	0 €	0 €	1,081,849 €	0 €
TOTAL (excl. employer's social contribution)	657,258 €	799,175 €	6,986,980 €	6,270,820 €
Employer's social contribution	14,360 €	14,802 €	1,998,844 €	1,951,638 €
TOTAL (incl. employer's social contribution)	671,618 €	813,977 €	8,985,824 €	8,222,458 €

* The short- and long-term variable remuneration allocated to Mrs. Dominique Leroy in 2014 is reported in the column "Other members of the Executive Committee" as these amounts were rewarding her 2013 performances as member of the Executive Committee (her 1st variable remuneration in a CEO role has been allocated in 2015)

Main provisions of the contractual relationships

Contractual agreement related to the mandate of the CEO

In January 2014, Mrs. Dominique Leroy has started her six-year mandate as CEO. She has a contract as a self-employed executive and is thus not subject to employers' social security charges.
The CEO is bound by a non-competition clause, prohibiting her for 12 months after leaving the Group from working for a competitor of our company in Belgium and in those countries where the Group generates at least 5% of its consolidated revenues. If activated by our company, she would receive an amount equal to one year's base salary as compensation.

If the CEO mandate is revoked before the end of the six-year term, our company will pay her a contractual termination indemnity equal to one year's base salary.

Main contractual terms of the other Executive Committee members

All other members of the Executive Committee, who 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, will receive an amount equal to six months' salary as compensation.

They have a contractual termination clause which foresees an indemnity of one year's remuneration, except Michel Georgis, whose contractual termination clause foresees an indemnity of one year's remuneration plus one month pay per year of seniority acquired, with a maximum of two years' remuneration after 12 years of service.

9. Position of conflicting interest

In accordance with article 523 of the Belgian Company Code, Mrs D. Leroy, CEO, declared, during the Board of Directors of 26 February 2015, to have a conflict of interest in connection with the determination of the Short Term Incentives granted to the CEO.

In accordance with article 523 of the Belgian Company Code, Mr L. Levaux declared, during the Board of Directors of 26 February 2015, to have a conflict of interest in connection with the "bpost Pricing Agreement", item on the agenda of that Board meeting.

In accordance with article 523 of the Belgian Company Code, Mr G. Demuynck declared during the Board of Directors of 7 May 2015 to have a conflict of interest in connection with an M&A item on the agenda of that Board meeting.

In accordance with article 523 of the Belgian Company Code, Mrs D. Leroy, CEO, declared during the Board of Directors of 10 September 2015, to have a conflict of interest in connection with the "LTI CEO", item on the agenda of that Board meeting.

In accordance with article 523 of the Belgian Company Code, the minutes of these meetings are included below.

Minutes of the meeting of the Board of Directors of 26 February 2015

In accordance with article 523 of the Belgian Company Code, the CEO, Mrs D. Leroy, declares having a conflict of interest in connection with the determination of the Short Term Incentives granted to the CEO.

Mrs D. Leroy requests the Board to take note of her statement and to include the necessary statements in the management report of Proximus relating to the year 2015. Mrs D. Leroy also informs the auditor of Proximus of this conflict of interest. Mrs D. Leroy voluntarily decides not to participate in the deliberation and voting on such item and leaves the meeting.

Upon proposal by the Chairman and recommendation of the Nomination and Remuneration Committee, the Board decides on the non-deferred direct short term variable remuneration for the 2014 performance of the CEO. The financial impact is 118,950 EUR. The 50% deferred consideration for the 2014 performance of the CEO will be determined in 2016 (for 25%) and in 2017 (for 25%).

In accordance with article 523 of the Belgian Company Code, Mr L. Levaux declares to have a conflict of interest in connection with the bpost Pricing Agreement item.

Mr L. Levaux requests the Board to take note of his statement in this respect and to include the necessary statements in the management report of Proximus relating to accounting year 2015. Mr L. Levaux shall also inform the auditor of Proximus of this conflict of interest. Mr L. Levaux voluntarily decides not to participate in the deliberation and voting on this item and leaves the meeting for the agenda item impacted by this conflict of interest statement and situation.

The Board decides to authorise the CEO, with the power to sub delegation, to sign a pricing agreement 03/2015 – 02/2016 with bpost for admin mail, direct mail, daily mail and other (telegrams and scanning). The estimated value of these pricing agreements is euro 23,1M.

Minutes of the meeting of the Board of Directors of 7 May 2015

In accordance with article 523 of the Belgian Company Code, Mr G. Demuynck informs the Board that he has a conflict of interest in connection with the agenda item which relates to an M&A opportunity. Mr Guy Demuynck requests the Board to take note of his statement and to include the necessary statements in the management report of Proximus relating to the accounting year 2015 and he will inform the auditor of Proximus of his conflict of interest. Mr Guy Demuynck informs that he will not participate in the discussion and voting on this item and leaves the meeting room.

The Board endorses and approves the staged-acquisition as presented by management. The financial impact of the file is unknown to date and will depend on the outcome of pending negotiations.

Minutes of the meeting of the Board of Directors of 10 September 2015

In accordance with article 523 of the Belgian Company Code, Mrs D. Leroy, CEO, informs having a conflict of interest in connection with the item "LTI CEO".

Mrs D. Leroy requests the Board to take note of her statement, to include the necessary statements in Proximus' management report relating to 2015 and to inform the auditor. Mrs D. Leroy decides not to participate in the deliberation and voting on the item and leaves the meeting room for this item.

Upon recommendation of the Nomination & Remuneration Committee, the Board of Directors decides to present for approval, via the remuneration report, the 30% LTI for the CEO at the next General Shareholders' meeting of April 2016.

The financial impact is that the CEO will be eligible to the LTI, which will represent a target of 30% of the base salary, depending on the approval of the General Shareholders' meeting of April 2016.

10. Obligation of the law of 21 March 1991 on the reform of some autonomous public sector enterprises

10.1. Mandates exercised in companies in which Proximus participates

The mandates exercised by members of the management of Proximus within companies, groups and organisations in which Proximus participates or to which she contributes to the functioning are not remunerated.

PARTICIPATIONS	MEMBERS ON 31/12/2015
PROXIMUS GROUP SERVICES S.A.	S. Dufour G. Kerremans L. Kervyn de Meerendré O. Moumal H. Wampers
PROXIMUS OPAL S.A.	O. Moumal D. Lybaert
BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) S.A.	D. Leroy S. Dufour D. Lybaert M. Gatta M. Georgis
CONNECTIMMO S.A.	J. Joos S. De Clerck S. Dufour J. Luystermans
TANGO S.A.	D. Leroy M. Georgis L. Kervyn de Meerendré G. Hoffmann L. Claus C. Dujardin P. Vandervoort
TELINDUS S.A. (Luxembourg)	G. Hoffmann B. Van Den Meersche B. Watteeuw D. Leroy M. Lindemans J-F. Willame
TELINDUS-ISIT BV	G. Degezelle P. Van Der Perren B. Watteeuw

PARTICIPATIONS	MEMBERS ON 31/12/2015
SKYNET iMOTION ACTIVITIES S.A.	P. Verdingh
BELGIAN MOBILE WALLET S.A.	B. Van Den Meersche
PXS RE S.A.	L. Kervyn de Meerendré O. Moumal
MOBILE-FOR S.A.	A. Lorette G. Geerkens B. Dierickx
PROXIMUS SpearIT S.A.	B. Van Den Meersche P. Van Der Perren B. Watteeuw G. Hoffmann
PROXIMUS ICT-EXPERT COMMUNITY (PIEC) C.V.B.A.	K. De Man (permanent representative of Proximus SpearIT S.A.) P. Vandervoort (permanent representative of Proximus Opal S.A.) B. Watteeuw (permanent representative of Proximus S.A.) D. Van Eynde (permanent representative of Telindus S.A. Luxembourg)
CLEARMEDIA S.A.	B. Watteeuw S. Bovy D. Van Eynde O. Malherbe S. Huijbrechts
WIRELESS TECHNOLOGIES S.A.	M. Georgis E. Nickmans D. Bossuyt
SCARLET BELGIUM S.A.	P. Vandervoort C. Dujardin A. Marchant M. Georgis V. Licoppe
SCARLET BUSINESS S.A.	C. Dujardin B. Delhaise
AWINGU S.A.	P. Vandervoort

11. Miscellaneous

Members of the Joint Auditors

The mandate of Deloitte Statutory Auditors SC sfd SCRL, Berkenlaan 8b, 1831 Diegem, represented by Mr. G. Verstraeten and of Luc Callaert SC sfd SPRLU, Zwaluwstraat 117, 1840 Londerzeel, represented by L. Callaert, for the statutory audit mandate of Proximus S.A. will expire at the Annual General Meeting of 2016.

The mandate of Mr. R. Lesage ended on 31 March 2015 and Mr. Jan Debucquoy was appointed on 1 April 2015 as his successor. The mandate of Mr. Pierre Rion has been renewed on 10 February 2016.

Auditor responsible for certification of the consolidated accounts of Proximus Group

The mandate of Deloitte Statutory Auditors SC sfd SCRL represented by Mr. Geert Verstraeten and Mr. Nico Houthaeve for the consolidated audit mandate of Proximus S.A. of public law will expire at the annual general meeting of 2016.

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.

Mrs L. Van den Berghe and Mrs C. Doutrelepont have exercised their mandate as independent director for 12 years and in conformity with the Belgian Company Code and the Corporate Governance Code, their mandate can no longer be renewed. On recommendation of the Nomination & Remuneration Committee, we nominate in accordance with article 18 of the bylaws, Mrs Tanuja Randery and Luc Van den hove (mandates until the annual general meeting of 2020), as candidates for member of the Board of Directors.

We propose to appoint Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises SC sfd SCRL, represented by Mr. Michel Denayer and CDP Petit & Co SPRL, represented by Mr. Damien Petit, for the statutory audit mandate of Proximus S.A. of public law for a period of six years, which expires at the annual general meeting of 2022. We also propose to fix the remuneration of the auditor at 226,850 EUR per year (to be indexed annually).

We propose to appoint Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises SC sfd SCRL represented by Mr. Michel Denayer and Mr. Nico Houthaeve for the consolidated audit mandate of Proximus S.A. for a period of 3 years, which expires at the annual general meeting of 2019. We also propose to fix the remuneration of the auditor at € 306,126 per year (to be indexed annually).

We inform the General Annual Meeting of the decision of the General Meeting of the Court of Auditors on 20 January 2016, extending Mr. P. Rion's appointment as a member of the Board of Auditors of Proximus S.A. of public law, for another six-year term as of 10 February 2016.

Yours truly,

On behalf of the Board of Directors,

Brussels, 25 February 2016.

Dominique Leroy
Chief Executive Officer

Stefaan De Clerck
Chairman of the Board of Directors