Integrated annual report | 2020

proximus | group

Table of content

Integrated reporting approach 2020

This 2020 report is the first Proximus integrated annual report. It is based on the International Integrated Reporting Council (IIRC) framework. It explains how we create value for our stakeholders and society, in relation with our ambitions, sense of purpose and goals. Our stakeholders are all the individuals and organizations affected by our operations or with whom we have a relationship. These include but are not limited to: customers (both corporate and residential), employees, shareholders, suppliers, the media, government representatives and institutions, partners and social organizations.

The report outlines our new corporate strategy and provides a baseline for measuring progress we make towards achieving our goals, linking with our most material topics. The 3rd chapter, "Manage for impact, Manage responsibly", presents the company's results with regards to its financial and non-financial performance. Detailed performance data is provided throughout the report.

This report has been prepared in accordance with the EU Directive on disclosure of non-financial and diversity information, the GRI (Global Reporting Initiative) Standards: core option, and SASB (Sustainability Accounting Standards Board). A full GRI content index can be found on page 162.

In 2021, Proximus will consider reporting according to the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in next years' reporting.

Proximus answers several questionnaires on sustainable and responsible investments such as CDP (Carbon Disclosure Project), Sustainalytics, Ecovadis, Vigeo Eiris and MSCI. Our ambition is to improve our performance compared to peers.

Dive deeper into our stories

You will notice special icons throughout this annual report. Here is what they mean:

- Read more
- External link
- Direct download
- Watch video

Proximus at a glance

On our way to being the reference operator in Europe

Guillaume Boutin
CEO

Stefaan De Clerck
Chairman

Dear reader,

What if digital was your only access to the outside world? An intriguing question and, in fact, this has been virtually the case for many of us in 2020. Connectivity and digital services have never been so crucial for everyday life. This made 2020 a key moment for the telecommunications sector. It was also a year of change for Proximus, with the launch of its new strategic vision, #inspire2022.

2020 was an atypical year to say the least, but we have seized the opportunity to move ahead. We took very strong measures to protect our employees and our customers, to keep everyone connected at all times and ensure the continuity of the activities of Belgian society as a whole. Fulfilling our social responsibility, we provided help and support (also to schools and hospitals) and promoted digital inclusion. The COVID-19 pandemic has been a defining moment for the telecom sector. It reinforced our belief in Proximus' mission: to open up a world of digital opportunities so people live better and work smarter.

A changing market

In an uncertain global context, our sector is transforming at an unprecedented pace. We have identified four major market trends:

- **A new investment cycle for next-generation networks is underway.** It combines fiber, 5G and edge computing and gives rise to new solutions for greater efficiency, better customer experiences and a greener world.
- **A new economy of digital platforms, powered by data,** with a key role for trusted data-rich local players and telecom operators.
- **New forms of competition** that prompt us to diversify our offer of products and services and pave the way for new kinds of alliances.
- **A pivotal role for companies in terms of social responsibility:** battling digital exclusion and discrimination; responding to communication needs created by the pandemic; embracing the circular economy; and contributing to the fight against climate change.

Despite this period of great uncertainty, we have deliberately chosen to take the lead and prepare for the future: to integrate these market trends and take advantage of change. This has led us to radically change the way we look at our strengths, our capabilities and the way we implement them.

Opening up a world of digital opportunities

2020 reinforced our mission: to open up a world of digital opportunities so that people can live better and work smarter – this is the foundation of our #inspire2022 strategy, which was launched at the end of March 2020. with a clear vision and ambition, built on four pillars:

Build the best **gigabit network** for Belgium

Operate like a **digital native** company

Grow profitably through partners and ecosystems

Act for a **green** and digital society

First of all, we are committed to **building the best gigabit network for Belgium**, by strongly accelerating the deployment of fiber and 5G — a network open to all and for the benefit of everyone. To achieve this, we are combining our own capabilities with the expertise and experience of carefully selected partners.

We are already deploying fiber in 16 cities, reaching 460,000 homes and businesses. By 2028, we will have connected at least 70% of Belgian homes and businesses to fiber. Through our partnerships with EQT Infrastructure and Eurofiber[1], we are stepping up the roll-out of fiber in less-densely populated areas. We will continue our efforts to ultimately connect every home and business in our country to high- or very high-speed connectivity solutions.

> By 2028, we will have connected at least 70% of Belgian homes and businesses to fiber.

At the mobile level, we are further strengthening our leadership position with the launch of Belgium's first public 5G network. Through Mwingz[2], our joint venture with Orange Belgium, we are in particular aiming to roll out 5G faster and more widely, while increasing our efficiency and reducing our environmental footprint.

With what will be the best gigabit network, both fixed and mobile, we can fundamentally change the way we do business, within the framework of a "Network-as-a-Service" model. By offering connectivity services based primarily on software, we can provide companies with unparalleled flexibility and agility.

Secondly, we are structurally transforming our business model to **operate like a digital native company**. We aim to offer best-in-class experiences to our customers across all channels. To do this, we must integrate digital into every aspect of our business: our habits, processes, systems, and our ways of working. We want to carefully balance human and digital interactions, to find the right balance between customer convenience, efficiency and an irreplaceable human touch. This internal transformation is based on an extensive automation program, the use of advanced data analysis techniques and an end-to-end simplification of internal processes. To achieve this, we also need to develop new skills and attract new talent.

Next, our #inspire2022 strategy also aims to return to **profitable growth**. By capitalizing on our brands, our customer base and our leadership in connectivity and convergent services, we will return to profitable growth by 2022 – in terms of both revenue and EBITDA. Our strategy for diversification and innovation will also support our growth. The MyProximus app, for example, will evolve into a local ecosystem integrating the services of local and international partners. Another example is our partnership with Belfius resulting in an innovative banking offer imagined by Proximus and powered by Belfius.

> By capitalizing on our brands, our consumer base and our leadership in connectivity and convergent services, we will return to profitable growth by 2022.

1 At the end of 2020, completion of these agreements was still subject to the approval of the Belgian Competition Authority.
2 At the end of 2020, completion of this agreement was still subject to the approval of the Belgian Competition Authority.

Finally, Proximus is unquestionably **acting for a green and digital society**. Since 2016, we have been carbon neutral for our own activities. And we are going even further by nurturing the bold ambition to make a net positive contribution to a net zero planet. We aim to become a truly circular company by 2030.

Our societal role has never been clearer than in 2020. Beyond the actions we have taken to support vulnerable groups in the context of the COVID-19 crisis, we are committed to ensuring the safety, inclusion and accessibility of digital tools for all Belgian citizens. In the future, we also intend to strengthen our role in the ecosystem of digital education in Belgium.

> In the future, we intend to strengthen our role in the ecosystem of digital education in Belgium.

COVID-19: a revealing test for our purpose and values

When COVID-19 struck in March 2020, our first priority was to **ensure the safety and well-being of our employees and our customers.** We took all the necessary preventive and protective measures to reduce the risks related to the spread of coronavirus. In addition, we provided our employees with a solid framework to help them through this crisis. It was also an opportunity to establish a more authentic and empathetic communication with our employees, as we recognized the personal and professional challenges resulting from the pandemic.

More than ever, our sector has demonstrated the central role it plays in today's world for consumers, companies, governments and society as a whole.

We have acted swiftly to support customers enduring strict social distancing and confinement and to enable businesses and public authorities to continue to operate. We have offered discounts and free data to support our customers. For businesses, we developed tailor-made solutions to ensure the continuity of their operations. And we have provided essential support to the sectors that were affected the most: education, hospitality, culture and healthcare.

The COVID-19 crisis offers us an opportunity to shape the "new normal", to rethink our habits to create lasting change. An obvious example of this is digital being the **engine that is propelling the world of remote working**. Yet, the magic of physical human connection, and the value it brings to both employees and the work done, should never be underestimated. Therefore, we will be rethinking our workspaces to become a catalyst for positive and enriching physical interactions – to encourage contact, collaboration and innovation. Our vision is to give people different options when it comes to where and how they work.

> We will be rethinking our workspaces to encourage contact, collaboration and innovation.

Our new collective labor agreement to work more efficiently

Having agreed and implemented our transformation plan at the end of 2019, our first priority was to re-establish a constructive social dialogue and ensure the transition toward a safe and inspiring working environment – one that promotes greater trust and openness.

In 2020, we have taken big steps in that direction. Our new collective labor agreement gives special focus to the right to disconnect: employees can now disconnect completely outside working hours, allowing for a better work-life balance. It also includes a new, more sustainable mobility plan. Our agreement is the result of a constructive collaboration with all social partners. Together, and with a shared ambition for the future, we are able to move forward.

The actions we have set out in #inspire2022 will fundamentally change Proximus and the society in which we operate. We will be better connected than ever. Better equipped to act responsibly for the future.

At Proximus, we are ready. #thinkpossible

Guillaume Boutin, CEO

Stefaan De Clerck, Chairman

Who we are and how we create value for society

Proximus is a provider of digital services and communication solutions operating in the Belgian and international markets. We open up a world of digital opportunities so people live better and work smarter. We do this by building the best open gigabit network, offering products and services tailored to the needs of every customer, by being the trusted partner of companies and Belgian society in their digital evolution and by contributing to a green and digital society.

Thanks to our networks, our customers access a wide range of digital services, data and multimedia content, anywhere, anytime. We are laying the foundation for sustainable growth by investing in the gigabit network of the future, and with a truly digital mindset and a spirit of openness towards partnerships and ecosystems.

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

As a major economic player in Belgium, we want to create a positive impact on the world around us and play our part in bridging the digital divide, providing opportunities for digital talents, and in accelerating the transition to a green and sustainable society.

In pursuing our ambitions, we acknowledge and appreciate the passion and expertise of our employees. They are our most valuable assets. In turn, we offer our employees a challenging and inspiring work environment: we give everybody the chance to grow in a rapidly evolving and extremely innovative environment that attaches great importance to diversity, collaboration and responsibility. At Proximus, our employees get the freedom to have a real impact on the lives of our customers. They also work on their own future, by continuously educating themselves and developing their skills.

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

Our brands

Through our leading and well-established brands, we meet the demands of a wide range of customers. In **Belgium**, our core products and services are offered under the Proximus and Scarlet brands.

The Group is also active in **Luxembourg** as Proximus Luxembourg SA, under the brand names Tango and Telindus Luxembourg, and in **the Netherlands** through Telindus Netherlands.

The Group's **international carrier activities** are managed by BICS, a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide.

Luxembourg

Tango offers fixed and mobile telephony, Internet and television services to residential customers and small businesses with fewer than 10 employees.

Telindus provides telecommunication services, ICT infrastructure, multi-cloud, digital finance solutions, cybersecurity, business applications, managed services and training services to medium-sized and large companies as well as public administrations.

Belgium

With our brand promise "Think possible" we aim to build **Proximus** as the reference brand that "empowers everybody to thrive in a digital world, so we can improve our shared well-being".

Scarlet has established itself as a "no frills" reference for customers looking for the best prices.

In December 2020, the Proximus Group concluded an agreement to acquire **Mobile Vikings**[1], which also includes the Jim Mobile brand. Mobile Vikings is a strong brand in the Belgian telecoms market, with a mobile offer that appeals to young people making intensive use of mobile data.

The Netherlands

In the Netherlands we operate through **Telindus Netherlands**, specialist in smart and secure IT platforms. From on-premises solutions to hybrid cloud environments and IT as a service, Telindus ensures that businesses excel and accelerate.

Worldwide

We operate internationally through **BICS**, one of the key global voice carriers and the leading provider of mobile data services worldwide. BICS connects the world by creating reliable and secure mobile experiences anytime, anywhere.

Their solutions range from global mobile connectivity, to seamless roaming experiences, fraud prevention and authentication, and to global messaging and the Internet of Things. Thanks to the acquisition of TeleSign in 2017, BICS is the world's first end-to-end Communication Platform as a Service (CPaaS) provider. In July 2020, Proximus announced that the shareholders of BICS were exploring a potential sale of 51% of BICS's shares.

1 At the end of 2020, completion of the deal was still subject to the approval of the Belgian Competition Authority.

A unique ICT environment

Through **Proximus Accelerators**, strategic partnerships between Proximus and a number of complementary partners, we help speeding up the digital transformation of our enterprise customers.

Together with our partners Telindus, Umbrio, Codit, Be-Mobile, ClearMedia, Davinsi Labs, Proximus SpearIT and Unbrace, we form a very broad ecosystem of digital thinkers and doers. All top experts in their fields – from app developers to providers of integrated ICT solutions, and from data privacy and security experts to designers of smart mobility solutions.

We want to shape the digital world of today and tomorrow. We do this by offering customers a one-stop shop, integrated 360° ICT offer that is unique in Belgium. We also venture outside Belgium as many of our partners in Proximus Accelerators also operate abroad:

- **Be-Mobile** offers a wide array of smart mobility solutions to help public authorities, road operators, car manufacturers, individual drivers and private companies improve daily mobility for travelers.
- **ClearMedia** provides cloud solutions, services and products tailored to the (S)ME market through the indirect channel.
- **Codit** is an IT services company and a market leader in business application integration, API Management, Microsoft Azure and Internet of Things.
- **Davinsi Labs** offers security intelligence with a focus on vulnerability management, security information, event management and user activity monitoring.
- **Proximus Enterprise** operates for the professional market and the public sector. Its ambition is to support each customer on their path towards digital transformation through first-class connectivity and expertise in cloud services, IoT, big data and security.
- **Proximus SpearIT** is the ICT integrator for mid-sized companies.
- **Telindus Luxembourg** and **Telindus Netherlands** are specialists in smart and secure IT platforms.
- **Umbrio** offers IT &network operations and analytics.
- **Unbrace** is a full-service innovative digital transformation web application agency.

Our value creation model

Our new #inspire2022 strategy and our company culture are driving us to achieve our ambition to make Proximus the reference operator in Europe. Our objective is to make a positive contribution to society and create shared value with and for our stakeholders, while optimizing the way we use our resources.

Resources we use

Human capital

- 11,423 employees
- 52 nationalities
- 31% women

Financial capital

- € 1,000 Mio investments[1]
- € 2,903 Mio shareholders' equity
- € 2,356 Mio adjusted net debt

Natural resources

- 9 Mio liters fossil fuel
- 352 GWh electricity
- 19 GWh natural gas
- 1,085,401 m² building footprint

How we create value

Our sense of purpose

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

Our ambition

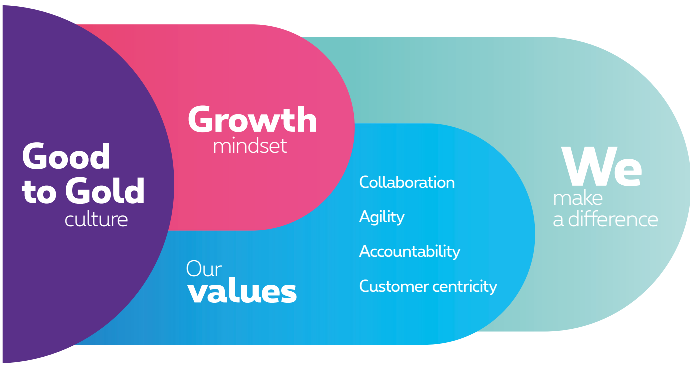
Make Proximus the reference operator in Europe.

Our company strategy

#inspire2022

- Build the best **gigabit network** for Belgium
- Operate like a **digital native** company
- **Grow profitably** through partners and ecosystems
- Act for a **green** and digital society

Our company culture



Our leading brands meet the demands of a wide range of customers

proximus · scarlet · tango · telindus · bics

1 Excluding spectrum & football broadcasting rights

The value we create for our stakeholders

Customers
Creating relevant end-to-end solutions to fully harvest the potential of technology

- 1.6M active users on MyProximus
- 15,500 active users on MyProximus for Enterprises
- 1.1M active users on Pickx

Employees
Offering a challenging and inspiring work environment with great focus on diversity, collaboration and empowerment while promoting innovation

- € 34.45M in employee re/up-skilling
- 39.5 training hours/employee on average
- > 200 hires in domains of the future

Partners
Creating new innovative business models relevant for our customers and society

- > 2.3 million IoT connections enabling smart solutions
- 20 ongoing projects with main universities

Suppliers
Building sustainable relationships to improve social and environmental standards across our supply chain

- 400 suppliers, representing 53% of our external spend, were assessed by EcoVadis on their ESG-compliance: 56% received a positive scoring
- 21 suppliers signed the Circular Manifesto

Shareholders
Committing to an attractive return

- € 1,836 Mio Group underlying EBITDA
- € 352 Mio Free Cash Flow
- € 1.2 dividend/share

Belgian society
Bringing essential connectivity while contributing to an inclusive digital society

- 460,000 homes & businesses connected to fiber
- 5G available in 138 sites and 69 municipalities
- 1,158 job seekers supported by our initiatives
- 73% of tested devices accessible for at least 5 disabilities

Planet
Making a net positive contribution to a net zero planet and becoming a truly circular company by 2030

- Carbon neutral for own operations
- 88% waste recycled, reused or composted
- 65,000 mobile phones collected
- 428,000 refurbished modems and TV decoders

Contributing to the SDGs

Contributing to the UN Sustainable Development Goals

Our strategy currently addresses 7 of the 17 Sustainable Development Goals (SDGs). The SDGs were adopted by the United Nations Member States in 2015 and are intended to be reached by 2030.

Bring health and wellbeing to people of all generations

The health and safety of our employees, our customers and the general public are a priority for Proximus. We are well aware of the concerns and challenges regarding 5G, radiation and health. We commit to providing clear and useful information on these issues, as well as precautionary measures. And as users devote increasingly more time to their screens, we take steps to encourage digital health, and consequently, improve overall health and wellbeing.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The re-skilling of the Belgian workforce is a challenge for all of us to ensure we have the skills needed for the digital economy & society of tomorrow. We support up-skilling and re-skilling initiatives for the Belgian workforce by partnering with organizations such as MolenGeek, school "19" and Technobel. We also support Bednet and ClassContact, two associations allowing children living with a long-term illness to continue their education at home or at hospital.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are a major employer and as such we contribute to the Belgian economic ecosystem. We create direct and indirect sustainable employment through, amongst other, the deployment and maintenance of our gigabit networks of the future. We are a vector of competitiveness and innovation for Belgium through our networks and innovative solutions. Internally, we enable our existing and future employees to take ownership of their career by providing re-skilling and up-skilling in key domains to keep them relevant in their current and future jobs.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We build future-proof digital infrastructure and invest in the newest technologies, innovative platforms and solutions. Those are critical enablers of a digital economy and society, in which Belgium is still lagging. In addition, we support ecosystems to foster Belgium companies and innovation.

Make cities and human settlements inclusive, safe, resilient and sustainable

We contribute to building smarter cities and smart solutions that answer societal challenges and support local communities. We offer solutions and set up initiatives that help our employees, customers and suppliers to reduce their environmental footprint.

Ensure sustainable consumption and production patterns

We have a clear ambition to become truly circular by 2030. To do so, we set strict goals to reduce our waste and to recycle our construction materials. We also impose strict standards throughout our supply chain and partner with suppliers respecting our standards.

Take urgent action to combat climate change and its impacts

We acknowledge the impact our digital activities have on CO_2 emissions. For this reason, we want to be a leading company in addressing climate change and we are committed to further reduce our environmental impact. For our own activities, we have been a CO_2 neutral company since 2016. But there is still a lot of work to do. This is why we aim to make a net positive contribution to a net zero planet and to become a truly circular company by 2030.

Our response to the COVID-19 pandemic

Making the difference during the COVID-19 crisis

The COVID-19 pandemic has been a defining moment for the telecom sector. It has underlined the importance of telecommunication networks and our relevance to society. It has also reinforced our belief in Proximus' sense of purpose: we open up a world of digital opportunities, so people live better and work smarter.

Keeping the economy running and supporting society

In these unprecedented times, we are aware of our responsibility to offer reliable access to high-quality networks, services and experiences, every day. With so many people unable to go to their places of work and students doing their school and college work at home, bringing people together online has been critical.

We acted quickly to ensure the safety of our employees and to guarantee that our customers could count on seamless connectivity and services.

At the home front, we ensured that families and friends were able to interact and that people could telework and entertain themselves. Companies could count on us to safeguard their business continuity.

> We acted quickly to ensure the safety of our employees and to guarantee seamless connectivity and services to our customers.

Standing with Belgium through the crisis

Since March 2020, we have launched a number of initiatives to protect our employees, to support our customers and to keep Belgium moving through the crisis. These include solutions to help enterprises and cities operate safely during and after the COVID-19 lockdown.

Safeguarding the health and safety of our employees

- **85% of our employees have worked from home**. Thanks to our investments in the past years in powerful digital tools, we were able to easily cope with the sudden switch in our way of working. We could carry on with our work thanks to seamless access to our work applications.
- Strict **safety protocols** for meetings, for technical interventions and in our shops.
- Full range of protective measures such as **mouth masks, face shields, hand sanitizer and plexiglass screens** in shops.
- Safe and phased **return to offices** after 1st lockdown period.
- Consistent and frequent **communication** to inform, reassure and motivate our employees.
- Dedicated **0800 number** and **mailbox** for questions.
- Corona pages on the company **intranet** including a series of FAQs, advice for working from home and how to stay healthy and resilient.
- Track and trace Team with **prevention advisors and experts** from our medical partner, Cohezio.

Keeping people and businesses connected

- Guaranteeing **network stability** during peak periods and providing extra capacity to support increased traffic. In 2020 the fixed internet volume increased with 48% and the fixed voice volume with 35% vs 2019. The Mobile voice volume remained stable in 2020 but we registered peak volumes up to 60% at the beginning of the COVID-19 crisis.
- Offering exceptional temporary **benefits for voice, data and content**:
  - Free calls to landlines
  - + 10Gb mobile data
  - Unlimited Internet at home
  - Extra entertainment on Pickx
  - Temporarily removing download limits for all our residential fixed Internet products.
- Providing the best possible **customer service and remote customer support** through a variety of channels: chat, video chat, online shop, phone, visit to the shops by appointment.
- Offering **billing flexibility** for the self-employed and small businesses.
- Supporting businesses with **homeworking and security solutions.**
- Co-creating with the **cultural sector** to prepare the Podium 19 channel launch on our Pickx TV platform.
- Supporting the **hospitality sector** (restaurants, cafés, bars) by offering them a one-month discount on their unused products.

Supporting the healthcare sector and acting for digital inclusion

- **Free public Wi-Fi access** to hospitals, students and Fedasil.
- Helping **new hospitals** get up and running quickly. For example, the fiber roll-out was accelerated in Liege and Roeselare.
- Offering **1,200 tablets and smartphones** to retirement homes and hospitals.
- Offering **1,500 laptops** to DigitalForYouth.be.
- Setting up a digital platform for medical video consultations with Doctena; service offered for free during lockdown.
- Facilitating **online teaching** for schools.
- Providing **healthcare workers** with an additional 10 GB of mobile data.

Trusted digital partner for public authorities, cities and businesses

- Member of the **Data & Technology against Corona national taskforce.**
- Providing technical and financial support for the **COVID-19 Track & Trace call center.**
- Offering solutions to operate safely:
  - **Realtime Crowd Management**-tool based on anonymized mobile data, reporting how many people are in a specific location in real time (Brussels, Antwerp, Ghent, Genk, coastal area).
  - **Entrance Monitoring**: access control by monitoring people in public spaces and stores via IoT sensors, cameras and/or Wi-Fi.
  - **Comfort and Floor Occupancy Monitoring**: supporting safety in the workplace by monitoring social distancing, air quality, and occupation inside buildings.

Highlight on a couple of COVID-19 related projects

The pandemic has required companies to change their way of working temporarily or even permanently. Proximus accompanied them in this transformation.

Better streamlining of calls from patients
1733, the national number for reaching an on-call doctor, has seen an unprecedented increase in calls ever since the first COVID-19 lockdown, which put pressure on their capacity. Belgium's **FPS for Public Health** had to very quickly adapt the menu options for this number to deal with the peak.

Working from home
Due to Corona measures, the electronics store **Krëfel** had to enable teleworking for their call agents. Within one week every one of their 23 call center operators could work 100% from home.

Employee engagement
Proximus set up a separate hotline for **BASF** to handle employees' concerns about COVID-19. Any personnel member could call 24/7. A team of 25 volunteers answered more than 200 questions from home.

Assisted living
In these unique times of COVID-19, social distancing goes together with solid alternatives to remain in touch. Proximus provided 50 smartphones along with SIM cards to **Vulpia**, a group of assisted living centers across Belgium, to facilitate contacts between the residents and the outside world.

Key figures

Group underlying revenue
€ 5,479 Mio

Capex[1]
€ 1,000 Mio

Group underlying EBITDA
€ 1,836 Mio

Free Cash Flow
€ 352 Mio

Number of employees
11,423

Board
38% women

Executive Committee
25% women

Own CO_2 reduction[2]
-26%

Avoided CO_2 emissions by customers
465 Kton

1 Excl. spectrum & football broadcasting rights

2 Vs 2019

Key achievements

Build the best **gigabit network** for Belgium

460,000 homes and businesses enabled with fiber

First to launch a **5G** public network

Agreement with **Eurofiber & EQT Infrastructure** to accelerate fiber roll-out

Launch of **Mwingz**, joint venture for mobile access network sharing

28 fiber wholesale deals

Nokia & Ericsson selected as partners for the modernization of our mobile network

Operate like a **digital native** company

Launch of our new chatbot: **Proximus Assistant**

New digital tools to interact with our customers: **digital kiosks** and **video appointments**

20,000 avoided interventions at customer premises thanks to machine learning

360,000 customers opted for e-billing, an **extra 85 tons of paper saved**

> 200 external recruitments in domains of the future

Grow profitably through partners and ecosystems

Private 5G network for the Port of Antwerp and Brussels Airport

Strategic partnership with **Belfius**

MyProximus enriched with new features to be our customer's digital companion

Pickx app & website more content and new functionalities for an even richer customer experience

Flex, our new family offer and **Business Flex**, our offer for SME's

Act for a **green** and digital society

Don't Miss the Call
65,000 mobile phones collected for recycling

275 CNG vehicles replacing diesel

428,000 modems & decoders **refurbished**

New mobility plans for our employees promoting green mobility

21 suppliers signed our **Circular Manifesto**

Development of our first **circularly designed modem**

#inspire2022

Our new 3-year strategy

Time for a step change in strategy

In 2020 Proximus decided, under the new leadership of Guillaume Boutin, to step up and to accelerate the transformation journey of our company.

Why now?

The telecommunications sector is transforming at an unprecedented pace and times are uncertain. Our goal is to integrate market trends, embrace change, lead and not follow. That's why we need to change the way we look at our assets, our capabilities, our vision and the way we implement them.

Four macro trends in particular are relevant to us.

A new investment cycle for next generation networks is underway, combining fiber, 5G and edge computing and gives rise to new solutions for more efficiency, better customer experiences and a greener world.

A new digital, data-fueled platform economy, with essential roles for trusted data-rich local players and telecom operators.

New forms of competition that will diversify our offer of products and services and pave the way for new kinds of alliances, especially in the Enterprise segment.

A pivotal role for companies in terms of societal responsibility: battling digital exclusion and discrimination, answering communication needs in the COVID-19 pandemic, embracing circularity and addressing the threat of climate change.

Proximus is determined to leverage the full potential of the changes at hand, to the benefit of its customers and society at large.

#inspire2022
Our guide for living better and working smarter

We have a new plan and a new ambition, but we stay true to our sense of purpose: opening up a world of digital opportunities so people live better and work smarter.

With the #inspire2022 strategy, we **raise the bar** for Proximus' transformation:

We want to make Proximus the reference operator in Europe.

We will reach that ambition through four pillars:

We will build the best open **gigabit network** for Belgium, through a strong acceleration of our fiber and 5G roll-out.

We will operate like a **digital native** company, becoming leaner, legacy-free and truly fit for a digital world.

We will **grow profitably** through the development of partnerships and ecosystems.

We will act for a **green** and digital society and embed this ambition in everything we do.

Our #inspire2022 strategy is a **real industrial plan** which will bring:

- Accelerated gigabit network investments
- Future employability for our employees by up-skilling and re-skilling
- The transformation of our operating model to be legacy-free
- A digital-first customer experience.

Our #inspire2022 strategy is also a **growth plan** in which we monetize our investments in our core business and explore new paths for growth through partnerships and local ecosystems. This will have a positive impact on recovering the local economy and on a greener world.

Our **employees** are the ones who will make our #inspire2022 plan come true. That is why we create a challenging and inspiring work environment with great focus on diversity, collaboration and empowerment while promoting innovation.

Even though the launch of #inspire2022 in March 2020 coincided with the start of the COVID-19 pandemic, we did not let the exceptional circumstances slow us down. If anything, it brought a sense of urgency that pushed us to make faster and bolder choices, with a focus on long-term resilience.

The year **2020 will serve as a baseline** to measure our progress towards our objectives for 2022 and beyond (zero measurement). Our strategy, ambitions for the following years and 2020 achievements are developed in more detail in the pages that follow.

Build the best **gigabit network** for Belgium

Build the best **gigabit network** for Belgium

Our ambition	Status 2020
4.2 million gigabit homes and businesses enabled by 2028	460,000 homes and businesses enabled with fiber in December 2020
Undisputed mobile leadership with **5G**	• First operator to launch public 5G in Belgium • In December 2020, 5G is available at 138 sites in 69 cities and municipalities
Open networks to grow **wholesale** revenues	• 8 new fiber wholesale partners in 2020 • 5G network open to wholesale customers as from launch

Being connected is an integral part of our daily lives. At home, at work and on the go. Along with our increasing connectivity needs, data traffic will continue to expand. Video, cloud applications and the Internet of Things will ask a lot from our networks. Our ambition is to build the best open gigabit network for Belgium, through a strong acceleration of our fiber and 5G roll-out.

We are working to provide flawless connectivity, available for all. Consumers, businesses of all sizes, public services and cities. Wherever they are. To build the best gigabit network for Belgium, we will deploy fiber faster and smarter and seek strategic partners that are willing to co-operate and co-invest. By 2028, we will connect fiber to 4.2 million homes and businesses, representing at least 70% of homes and businesses in Belgium.

At the same time, we will strengthen our mobile leadership by leading in 5G. Thanks to our network partnership with Orange Belgium we aim for a faster and broader 5G roll-out and to improve the mobile network capacity and coverage to the benefit of our customers while increasing our efficiency.

Our gigabit network is an open network on which all other operators are welcome to offer services to their customers. By onboarding a maximum number of wholesale customers to our networks, we increase the usage rate of our network and so, long term performance.

In 2020 we made considerable progress in the deployment of our fixed and mobile gigabit network, connecting one home or business to fiber every 34 seconds and launching the first public 5G network in Belgium.

To contribute to our sustainability ambitions, we make our networks as eco-friendly and energy efficient as possible.

With our ambition to reach 100% of coverage and with the combination of 5G, fiber and Edge for a big part of the country, our gigabit network will be a catalyst for the Belgian economy and in particular innovation.

Read more about our network of the future.

Fiber: the fixed network of the future

With almost half of Belgium's active population working from home during the corona pandemic in 2020, it is clear that we need a reliable and fast network. Digital collaboration and virtual communication have become more important than ever, reinforcing the importance of investing in fiber as the fixed network technology of the future. Fiber offers an answer to the exponential increase in data traffic for both residential and business customers. Fiber is also good news for the environment, as it is more energy efficient than copper and has a longer life span.

Proximus installs fiber at the heart of its customers' home or business. That way we can ensure the best possible performance. Right now, our fiber network transmits data at a speed of up to 1 Gbps over great distances. And already we are aiming at even faster download and upload speeds of up to 10 Gbps.

We are installing fiber nationwide and making it available for everyone, from the smallest household to the biggest company. At the same time, we are decommissioning our copper network as fast as possible, which is also helping to reduce our environmental footprint. By the end of 2020, 460,000 homes and businesses could already be connected to the fiber network. Our target is to connect 4.2 million homes and companies together with our partners by 2028, representing a coverage of at least 70% of homes and businesses in Belgium.

Paving the way for accelerated fiber roll-out

The COVID-19 crisis had a temporary impact on our deployment in 2020, but we are on track with our deployment ambitions. In 2021, together with our partners, we will gradually increase our installation speed and expand our fiber network to less populated areas.

Achievements in 2020

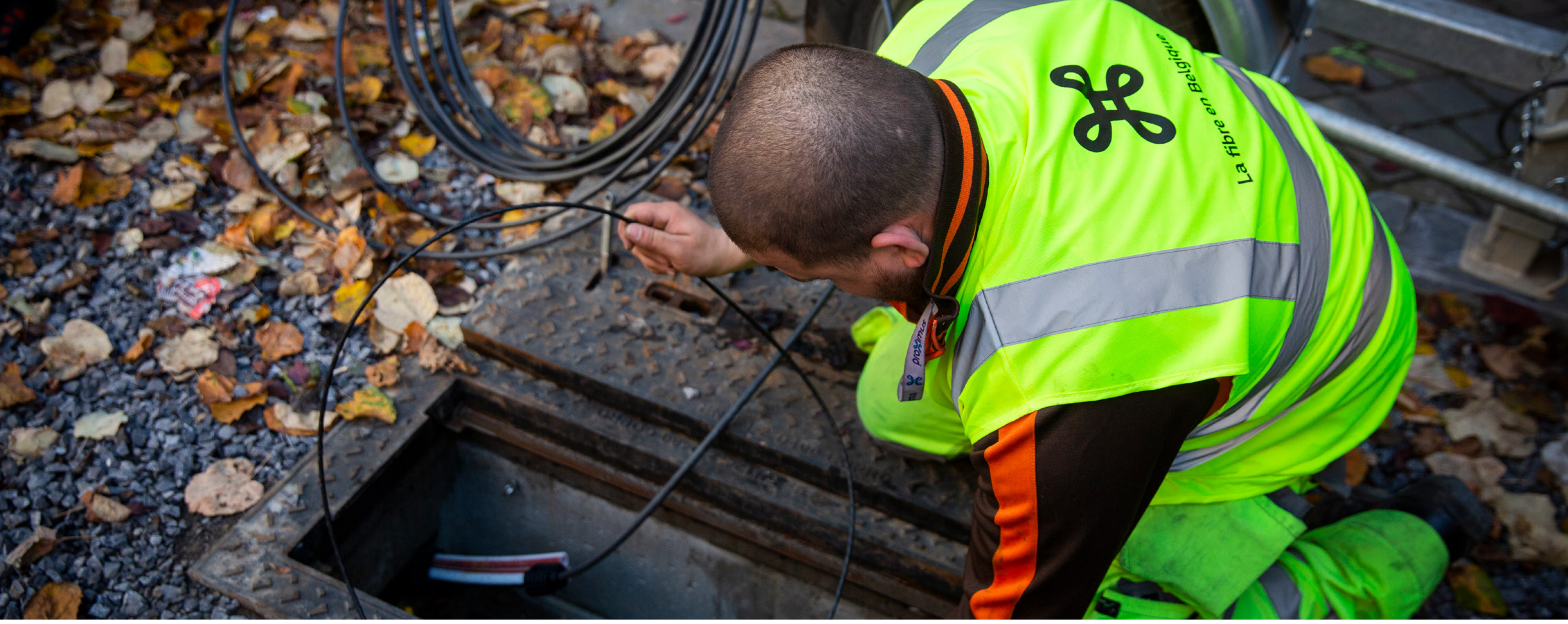
Every **34 seconds** we have connected one home or business to fiber.

We started the roll-out of fiber in 3 new cities. The roll-out is ongoing in **16 Belgian cities.**

We have connected **460,000 homes and companies.**

Our fiber network reaches upload and download speeds up to **1 Gbps**. In the future they will reach up to **10 Gbps**.

We signed **8 new agreements with fiber wholesale partners**, bringing the total number of partners to 28.



Faster, wider and more cost efficient with partners

Proximus started its fiber journey in 2016, with the launch of the "Fiber for Belgium" investment plan. The objective: roll out fiber to cover most businesses and urban centers in Belgium. After having gradually stepped up the pace of our deployment, at the end of March 2020, we announced a real leap forward to further expand our coverage and in July to go even faster and enlarge our roll-out even further with partners.
By collaborating with others, we can **work simultaneously and get more done faster in a cost-efficient way**.

By the end of July 2020, Proximus found the right partners to make that happen. We formed partnerships with **Eurofiber** in Wallonia and **EQT Infrastructure** in Flanders[1]. Together we will design, build, maintain and upgrade the fiber network. In Brussels, we will roll out fiber by ourselves. While we primarily specialize in installing fiber in densely populated areas, our partners will deploy fiber in less populated areas.

Thanks to these partnerships, we will achieve know-how and efficiency gains in fiber deployment and have a broader coverage while rolling out faster and more efficiently. On top of our own deployment of **two million** homes and businesses, we will be able to connect at least **500,000 homes and businesses in Wallonia and 1.5 million in Flanders** by 2028. We continue to expand our fiber roll-out in **Brussels** with the goal of covering the entire Brussels-Capital Region before the end of 2026.

460,000 homes and businesses enabled with fiber.

These collaborations bring Proximus another step closer to its ultimate objective: creating an open, future-proof network that connects every home and every business in Belgium to high or very high-speed connectivity solutions.

High-speed connectivity for all

Our fiber network benefits households, businesses and cities.

Fiber for households

Our fiber network allows all family members to (home) **work, surf, stream videos and play online games** at the same time. It provides households with a secure, stable and reliable customer experience, no delay or loss of quality, virtually unlimited capacity and very large bandwidths.

In 2020 we launched the fiber packs Flex Fiber for households and Epic Kot Fiber for students and landlords.

1 At the end of 2020, completion of these agreements was still subject to the approval of the Belgian Competition Authority.

Fiber for companies

Fiber is an enormous asset for companies, enabling them to fully exploit the possibilities of digitalization and to remain competitive, agile and innovative. This ultra-fast technology also stimulates the adoption of new ways of working and supports the explosion of advanced technological developments in the areas of artificial intelligence, data analytics, Internet of Things and augmented/ virtual reality.

We proactively roll out fiber in areas with high business densities – such as industrial zones and business parks. Any business customer who requests it, receives on-demand fiber connectivity. In industrial zones that have already been connected to the network, 52% of companies switch over within a year. At the end of 2020, fiber was available to 56% of customer locations in industrial zones. In 2019, that was 54%[2].

Volvo Cars Ghent optimizes its production process with fiber

A fine example of the efficiency of fiber can be found at Volvo Cars Ghent. The plant consists of a large main factory that is surrounded by five warehouses and annexes. The annexes are connected to the main factory with a fiber network. Because the manufacturing systems are constantly in contact with the warehouse, the system easily signals which parts are needed and when. "Deliveries run more smoothly and are more accurate," says Geert De Meyer, IT Infrastructure Engineer at Volvo Cars Ghent.

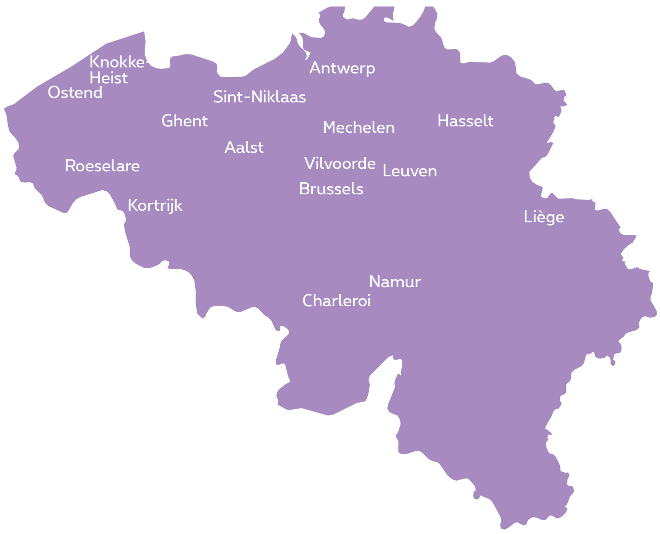
Rochefort Abbey on fiber

One of the first companies to switch to fiber was the brewery of Rochefort Abbey. The brewery is connected to the ultra-fast fiber network, allowing the master brewers to digitize their production process and operate their beer kettles remotely, in real time.

Fiber for cities

Fiber offers cities access to the most advanced digital services, such as smart cities. The roll-out of fiber with the connection of thousands of sensors and devices improves mobility, public safety and air quality, and can benefit growth and employment in the city. Fiber networks will become an essential component of urban infrastructures, just like water or electricity.

By the end of 2020, we were deploying fiber in **16 cities**, three more than in 2019.



2 In 2019, the 64% reported was based on a total market of 59,000 customer locations. This was the available figure at that time. Meanwhile our data is more accurate. This resulted in an increase of the total market to 70,000 customer locations, which is now used as a reference. This explains the decrease from 64% to 54% for 2019 (same absolute figure, but total market increased).

Phasing out our existing copper network

Once fiber is active in a new city, we notify our customers. We migrate them step-by-step to fiber. The sooner we switch off our copper network and replace it with fiber, the more efficient we become. By maintaining one single network, we **save on operational costs** and **contribute to our sustainability ambitions**.

We plan to deactivate the existing copper network in a specific zone within 5 years after fiber installation works have started there. In some cases, we are able to speed up the copper phase-out; for example, when roadworks are planned in an area that is already covered by fiber. This is both efficient and reduces costs.

Mobile leadership with 5G

With mobile data traffic soaring and a growing demand for remote work, innovative industry solutions and high-definition video streaming, there is a greater need for superfast, large capacity networks. We have a strong track record in pioneering mobile communications, delivering the best possible mobile experience for our customers and we will continue to do so. By launching 5G, Proximus opens up exciting new possibilities for companies, cities and consumers. Our ambition is to cover 100% of the population with 5G in the coming years.

Mobile networks will get faster, become more reliable and more energy-efficient. The network of the future will have the power to introduce the Internet of Things into our everyday lives. What's more, it will yield services we can't even predict today.

In 2020, on top of enhancing the coverage and the quality of our 4G network, Proximus has been the first and only operator to offer public 5G in Belgium.

What are the main advantages of 5G over 4G?

- 5G is up to 100 times faster than 4G.
- 5G has a lower latency than 4G, ensuring a reliability that is crucial for applications requiring an immediate response.
- 5G can connect more devices or smart objects simultaneously
- 5G is more energy-efficient compared to 4G.

First operator to **launch public 5G** in Belgium.

In 2020 we have taken big steps in the deployment of 5G in Belgium. We launched the first public 5G network, invested in network infrastructure and efficiency and set up strategic partnerships with key players in various industries. All this while prioritizing health and safety and managing our impact on the environment, every step of the way.

Pioneering 5G in Belgium

On 1 April 2020, Proximus was the first operator to launch 5G commercially and at the end of 2020 still the only one to offer public 5G connectivity in Belgium.

At the end of 2020, 5G was available at 138 sites in 69 cities and municipalities, mainly in Flanders.

The Government of Wallonia has appointed a group of experts to evaluate the deployment of 5G. This follows a request by a majority of municipalities in Wallonia for us to delay the roll-out, which we did. We have used this opportunity to listen to the worries of all municipalities, to answer all questions and to address any concerns.

Unfortunately, as we didn't receive the administrative authorization by the local authorities, it was not possible to launch 5G in **Brussels**.

We have made progress in **Luxembourg**, where Proximus operates under the Tango and Telindus brands, with the launch of the first commercial 5G offers in October 2020.

At the end of 2020, we activated the even faster 5G technology using the provisional spectrum license for the 3.6-3.8 GHz band on a selection of sites in the surroundings of Antwerp, Ghent and Leuven.

5G spectrum auction

Proximus is using existing radio frequencies in the 2.1 GHz band and has a temporary license to use the radio frequencies in the 3.6-3.8 GHz band. We are now looking forward to the **definitive spectrum auction**, which will release new bandwidth and speed. According to Petra De Sutter, Belgian Minister of Telecommunication, the auction will probably not take place before the end of 2021.

Why is 5G so important for companies?

"A whole new world of applications is opening up for companies" says Danielle Jacobs, CEO at Beltug (The Belgian association of CIOs and Digital Technology Leaders). 5G will influence the digital transformation of companies.

Partnerships to reinforce our mobile leadership

For all users, we want to offer the best possible experience. We want to work as efficiently as we can, increase operational synergies and manage our network in a sustainable way. This is why we have set up a joint venture with Orange Belgium[3]: **MWingz** took off in April 2020. MWingz will enable wider outdoor coverage, deeper indoor coverage and a faster 5G roll-out.

In October 2020, Proximus announced it would partner with **Nokia and Ericsson**. These partnerships will enable Proximus to consolidate its position as the undisputed leader in mobile networks in Belgium and to build the 5G network of the future. The new-generation equipment we will deploy, will guarantee the stability and quality of mobile connectivity while facing an ongoing increase of mobile data usage.

MWINGZ | ERICSSON | NOKIA

3 At the end of 2020, completion of this agreement was still subject to the approval of the Belgian Competition Authority.

Meeting business and societal needs

5G offers new opportunities that will provide significant benefits in many fields like healthcare, manufacturing, autonomous transport, logistics or agriculture.

Valuable 5G use cases will help us steer 5G in the right direction. To develop these use cases, we launched a **dedicated 5G innovation platform**. It allows us to work closely with our technological and wholesale partners and enterprise customers and to meet business and societal needs using 5G.

In the coming years all industries will experience the benefits of 5G. Proximus has begun leveraging the possibilities of 5G for a wide range of industrial applications, supported by the temporary 5G licenses allocated mid-summer 2020 by the BIPT (Belgian Institute for Postal Services and Telecommunications).

Our partners include:

Port of Antwerp

Driving the port's digital transformation

Proximus and Port of Antwerp are developing a private 5G network to test and evaluate the potential of 5G for various industrial applications, including wireless camera surveillance and connecting vessels for more efficient coordination. This co-creation project is called The Digital Schelde.

Brussels Airport

Developing the first public 5G site

In March 2020, Brussels Airport and Proximus joined forces to realize a digital project that includes rolling out a 5G network in the airport's passenger buildings. In May, we provided dedicated indoor public 5G coverage in Brussels Airport. The cooperation also concerns Internet of Things applications and cyber security.

5G enables new steps towards a greener society

We are aware that 5G will boost data consumption and, as a result, increase power consumption. But we will compensate for the increased energy consumption by using more energy efficient equipment. The 5G network also has energy-saving features, such as putting base stations into a "sleep mode" when not used (during nights and weekends, for example).

Also, our joint venture with Orange Belgium will have a positive impact on our environmental footprint as we will need to deploy less infrastructure and antennas. In addition, the roll-out of 5G will allow to phase-out less energy-efficient networks such as 3G. 5G also allows companies and the public sector to develop new solutions that will have a positive impact in meeting their climate targets.

Enhancing the quality of our 4G network

In 2020, we continued the investments to improve the quality of our 4G network. We increased the capacity of the network to address the growing volume and usage, especially due to the COVID-19 crisis. In addition, our mobile customers enjoy an even better voice quality and they can use Voice over Wi-Fi on their smartphones.

5G will enable our customers **to reduce their carbon footprint**.

Mobile network and health

Proximus is well aware of the concerns and challenges regarding 5G, radiation and health. We commit to providing clear and useful information on these issues, as well as take the necessary precautionary measures.

Caring for safe use of our products and services means recognizing our responsibility regarding exposure to electromagnetic waves, a societal concern. We comply with the legislation in force, both for networks and for devices, and closely follow-up developments in scientific research.

The health aspects of radio frequencies, particularly those used in mobile telephony, have been the subject of scientific studies for more than 30 years. On the basis of the available research, the vast majority of (inter)national authorities and institutions (including the WHO - World Health Organization) agree that there is no evidence radio frequencies for mobile communication below the internationally authorized thresholds would have health consequences. This will not fundamentally change with 5G.

We understand that the launch of 5G raised questions and even worries among the Belgian population. We are committed to communicate clearly on the roll-out of this network and address any concern they may have.

On our websites, we provide information about the impact of electromagnetic waves on health and environment. There are also links to information pages made available by the Belgian regional authorities and the WHO regarding scientific research in this field. People can also find advice on how they can mitigate the potential risks of radiation in their own environment or tips to reduce exposure to electromagnetic waves of mobile phones.

The best gigabit network to the benefit of everyone

Our gigabit network is an open network on which all other operators are welcome to offer services to their customers. We are also committed to connect less densely populated areas.

Welcoming all other operators

Proximus actively welcomes wholesale partners, whether they are existing operators or even new types of partners, on its mobile and fixed networks.

> 5G network open to **wholesale customers** as from launch.

When Proximus launched the first public 5G network in Belgium in 2020, 5G immediately became part of our offer to other operators. Together with major global operators, we will be enabling 5G roaming in 2021.

At the end of 2020 we had **28 fiber wholesale partners** (eight more than in 2019) and **eight mobile wholesale partners** (four more than in 2019).

We reinforced customer satisfaction of our wholesale customers by offering new solutions and digital capabilities. With flexible and scalable services. This will boost our open network and strategic partnerships strategy. Our ambition is to welcome the largest wholesale customers active in Belgium to our open networks and to co-create and innovate with them.

In 2021, we will continue on the path of digitization, invest in co-creation and build further on existing and new partnerships. It will make Proximus even more relevant towards its wholesale partners.

Seamless collaboration with wholesale customers

We make working with us as relevant, effective and seamless as possible.
Our digital services launched in 2020 make it even easier to do business with us:

E-signature tool and electronic billing
As a digital service provider, we strive to digitize all our processes. In 2020, we launched an e-signature tool, allowing wholesale customers to sign contracts digitally. At the end of 2020, 100% of wholesale bills were sent electronically. It makes working with us easier and more efficient, while we are reducing our ecological footprint.

Fiber ordening tool
We launched a tool that allows our wholesale customers to know immediately whether there is a match between their demands and Proximus' offer. They receive real-time information on whether Proximus can provide them with connectivity, at what cost and when it can be delivered. The tool ensures first right time ordering.

White zones: connecting less densely populated areas

We have committed significant investment to improving connectivity in rural zones and so-called white zones, places where there is a lack of connectivity. Why are we doing this? Although Belgium is one of the countries with the best broadband coverage in the world, around 7% of homes do not benefit from a high-performance internet connection (> 30 Mbit/s). These areas are mainly located in **rural areas of Wallonia**, where the deployment of optical fiber is expensive and therefore not economically viable.

How do we make the opportunities of the digital world accessible to everyone, everywhere? By **using new technologies**, such as fiber optic aerial, optical node connected via radio link and 4G Modem, and co-investing with public authorities. With our partner Tessares, we implement an innovative solution to improve internet access for the low-speed internet connections. In December 2020, we renewed the "Tax on Pylon" agreement with the Walloon region for 2021-2022 to improve the mobile coverage.

Providing high speed internet connectivity in the many rural zones in Wallonia is a challenge for any operator. Nevertheless, we reached a coverage of 93.5% in high speed connectivity (> 30 Mbit/s) end 2020, compared to 92.4% end 2019.

Proximus has been recognized for its best-in-class networks

- Telecom & Connectivity Company of the Year - Data News
- Best network coverage for mobile internet - Test Achats

Operate like a **digital native** company

Operate like a **digital native** company

Our ambition	Status 2020
Top 1 or 2 Telco **NPS** for convergent[1] customers, driven by superior user experience, by 2022	• First operator to offer commercial gestures following the COVID-19 outbreak: > 95% customers appreciated the initiatives • MyProximus and Pickx app ratings in Google Play and App Store: 4/5 • Satisfaction with our internet, TV and mobile products: > 90%
Reduce our IT costs with **40%** by 2025	• Implementing a new simplified address management system • One single datasource for all billing aspects improving data quality and user experience • Continuous integration, development and automation in IT operations to reduce time to market
Train and selectively attract the best **digital talents**[2]	• > 200 employees recruited in domains of the future in 2020 • Average of 39.5 hours of training per employee in 2020 • € 34.45 million invested in employee re-skilling and up-skilling in 2020

Proximus is transforming its operating model to make the company leaner and truly fit for the digital world. We want to offer the same user standards as native digital players on the market. This will lead to a better customer experience and more efficiency.

We want to become the frontrunner in terms of customer satisfaction and customer recommendation. Our ambition is to be top 1 or 2 operator by Net Promotor Score for convergent residential customers by 2022. The NPS ambition for enterprise customers is to be at par with the best performing European peers in B2B by end of 2023.

To enrich the customer experience and offers, we will put relentless focus on simplification, resulting in fluent customer journeys and intuitive, slick digital interfaces.

Our approach is to carefully balance the mix of digital and human interactions to keep the best of the two worlds for both our residential and business customers.

To operate like a digital native company, we aim to become a legacy-free operator in terms of IT by 2025. This will go hand in hand with a comprehensive skills transformation that will make Proximus a reference employer for digital talents in Belgium.

In parallel, we continue to invest in solid data foundations and build our automation and advanced analytics capabilities. Data is essential to make our service more proactive and personalized.

1 Convergent customers are customers having internet, digital television and mobile postpaid services.
2 The status of this particular ambition is further disclosed in the chapter "Getting our people and organization ready for the future".

Customers are the center of our attention

Our customers want us to be digital when it brings value. With solutions that are easier, faster and "first-time right". But they also want us to be human, in critical situations or when specific expertise is required. A better customer experience and structural efficiency gains will positively impact our net promotor score. The higher the score, the more likely our customers will be to recommend our services to others.

Co-creation to improve customer experience

Our customer feedback platform **"Voice of the Customer"** allows us to collect and analyze residential and enterprise customer feedback and act on it swiftly, closing the loop with them when needed. In 2020, an average of 44,000 customers per month participated in our surveys and we proactively contacted more than 21,000 customers to address open issues they raised.

Based on the customer feedback, in 2020 we continued to **redesign the end-to-end experience of our customer journeys** to make them more personalised and fluent. A customer journey is a series of interactions initiated by a customer need. For example when they need technical assistance or when they move.

Our **customers are actively involved** in designing the customer experience. We first map out customer journeys based on key moments for our customers. Next, we start improving and redesigning them through design thinking exercises together with our customers.

For example, to offer digital support as well as a human touch for our SE (small enterprises) customers we introduced the Prime service. Customers can initiate a request in the MyProximus app and it will be followed up by one designated contact person.

In 2021, we will continue remodelling our customer journeys and offer personalized and digital follow up for customers requiring technical or administrative assistance. **Digital tools will make the journey easier** for customers who want to switch to the newest Flex packs. We will activate a new end-to-end monitoring platform to ensure the best service experience (internet, TV, WiFi,...) for an individual customer. With our journey approach we guarantee that customers have a top experience when migrating from a copper line to our fiber network. Also in 2021, we will offer a digital simplified bill to our residential customers that will be fully designed in co-creation with them.

Achievements in 2020

We collected **44,000 customer evaluations** each month.

We proactively contacted **more than 21,000 customers** about open issues.

There have been **23% fewer billing and collection calls** compared to 2019.

Improving our customer interactions

By improving our web and app services, we help our customers to help themselves and increase their satisfaction. With our new digital tools, customers in all segments will find it easier to get in touch with Proximus. Increasingly, customer enquiries requiring a human interaction will be handled by multi-disciplinary teams.

- Digital kiosks in shops – Through digital screens, our customers have easy access to lots of information to make the best choices, including a pack recommender tool, a price catalogue (packs, promotions and specific devices), a mobile device comparison tool and access to the Proximus website.
- Video appointments on demand – During the COVID-19 crisis, we took the opportunity to pilot remote sales through video, for both residential and business customers. Since April 2020, customers can use the chat function to request a video appointment with a sales agent on our website. That way, the customers can have the same face-to-face experience as when they are in our shops.
- Proximus Assistant – The new chatbot launched in July 2020, supports customers who use our website, app and Facebook Messenger. The chatbot can address 415 inquiries on its own, such as lost and stolen devices, forgotten PIN and PUK codes, questions about TV options and payment.
- MyProximus – The digital companion of our residential customers.
- MyProximus Enterprise – We have significantly increased digital interactions with customers in the enterprise market, especially in terms of digital self-service capabilities for mobile services and for e-billing. All thanks to the improvements we made to MyProximus Enterprise in 2020 such as:
  - Mobile Number management application. This application allows the fleet managers of our customers to change mobile options, order new SIM cards, change split bill profiles and many more. We launched the real-time usage feature to allow both fleet managers and employees to follow up their mobile voice, sms & data usage in real time.
  - Integrated Technical Assistance feature. When technical assistance is needed, companies can easily create a request in MyProximus Enterprise.

  MyProximus Enterprise is one step closer to offering enterprise customers a truly effortless digital experience. Thanks to the enhancements to the platform, the number of active customers increased significantly from 25% in 2019 to 30% in 2020. At the end of 2020, 15,500 enterprise customers were using MyProximus Enterprise (13,000 at the end of 2019). Our focus for 2021 will be to drive the adoption and continue to build out the capabilities of the platform.

With our new digital tools, customers **will find it easier to get in touch** with Proximus.

Easy access to invoices and data usage

Vanheede Environment Group manages invoicing and administration of its mobile subscriptions through MyProximus Enterprise. “We use the tool to follow the costs and invoices of our mobile subscriptions and deal easily with the administration of over 500 mobile numbers,” says Chief Information Officer Olivier Knockaert. “Now we can see everything at a glance.”

Saving time and ensuring greater control

For NV Brabhold, the greatest added value of the Technical Assistance app is the availability of all useful information. There is a clear overview and the easy ticketing system means there is no time lost in contacting Proximus. “Another important plus is the fact that it can be consulted 24/7 via different devices,” says Cindy Cuypers, IT employee at Brabhold.

Using data, automation and artificial intelligence to boost efficiency and customer experience

A telecom operator has **huge amounts of data** at its disposal. This involves data about customers, how they use the network, the questions they ask the call center, the interventions carried out by technical teams, the energy consumption of the Proximus network and buildings and so on.

At Proximus, we have built strong internal capabilities to collect, process and analyze data in order to compile insights, improve predictions and recommend actions to be taken. The intention is always to **improve the customer experience** or **make our processes more efficient**.

We are harvesting opportunities in key domains across Proximus, from network monitoring and design to customer value management and energy consumption optimization.

In the domains of fixed network design, monitoring and repair, machine learning has allowed us to make several improvements such as proactively prevent technical issues from happening or predicting the best solution to solve a technical issue. This resulted in about **20,000 avoided interventions** at customer premises and more than **80% correctly predicted root causes** in 2020.

At the same time, we put in place all the measures to strictly comply with **privacy and data protection** legislation and we communicate transparently with our customers about the use of their data.

We are also **increasing automation** in customer facing and in support functions through bots like Proximus Assistant.

End-to-end simplification and IT modernization

By 2025, we aim to be free from legacy information systems and obsolete technologies. We need our information systems to be flexible, cloud-based and supporting data automation and advanced analytics. To achieve this, we will also have to change our culture and become a genuine software company with a "digital native" touch. In 2020, we have already made significant progress in this transformation.

State-of-art IT capabilities are essential to deliver our #inspire2022 strategy. This is why we are accelerating investments in building a future proof IT Stack with minimal duplications and loosely coupled components. Next to shortening time-to-market of new innovations, we will **reduce also our IT total-cost-of ownership by 40% by 2025**.

Our simplification and IT modernization program is ambitious. It requires a holistic end-to-end approach and will take time. Our target architecture for 2025 is defined and important milestones have been reached in 2020. The plan consists of four main aims:

Simplification and digitalization

We are eliminating complexity in product portfolios, rules and processes. We digitalize and automate our processes at the core, with an end-to-end vision encompassing portfolio, sales and customer support.

> Our **simplification and IT modernization** program requires a holistic end-to-end approach.

Evolution to a modular architecture

Across our landscape we are breaking silos by decommissioning applications built for specific product or segment purposes. By the end of 2019, we had migrated the last customers on our single IT Stack for both mobile and fixed products in the mass market. The onboarding of professional mobile customers on the same IT Stack is being prepared for launch in 2022. We have already migrated our legacy servicing solutions to modern cloud-based solutions (Salesforce and ServiceNow) for the professional market and we will start the roll-out for the mass market in 2021. In addition, in the OSS domain, we are investing in modern orchestration tools to deliver advanced convergent use-cases in 5G and Software Defined Network (SDx) services.

Modern approach to software development

In 2020, we have invested in promoting the adoption of crucial enablers such as test-driven development, continuous integration/development, and automation in IT operations. This significantly reduced our spending on testing and bug-fixing and reduced our operational IT cost by double digits. Going forward, we will accelerate the introduction of infrastructure-as-a-code to further reduce costs by automating the configuration of servers/containers. We will smartly push public cloud adoption through the use of SaaS solutions and IAAS/PAAS in domains where scalability is key.

An agile operating model able to deliver fast

At Proximus we have increasingly been adopting agile ways of working at team level in IT. We will further scale these models towards a truly end-to-end agile organization model, with full integration of business and IT teams. **By 2025, 80% of our teams will have adopted an agile way of working.** We are experiencing the benefits of this new way of working in ensuring strong alignment in resource allocation on transversal Proximus priorities, efficiency and reduced need for coordination roles, and the integration of customer feedback in the development cycle.

Grow profitably through partners and ecosystems

Grow profitably through partners and ecosystems

Our ambition	Status 2020
> 3 million **active monthly apps users** by 2022	• 1.6 million active users on MyProximus in December 2020 • 1.1 million active users on Pickx in December 2020
> 2.1 million **internet connections** (consumer segment) by 2022	1,965,000 internet connections (consumer segment) end 2020
> € 100 million **additional revenues** from new non-telco domains by 2022	• Long-term commercial partnership with Belfius • Addressable TV: > 150 targeted campaigns in 2020

#inspire2022 is a growth plan. By capitalizing on our brands, customer base, networks and convergent services we will return to profitable growth by 2022 and our growth will accelerate as from 2023.

Underpinning our strategy are our strong and well-established brands: Proximus, Scarlet and Proximus Enterprise.

Beyond our brands, our network leadership thanks to our strong investments in fiber and 5G will gradually fuel the growth of our consumer customer base and we intend to pass the 2.1 million consumer internet lines by 2022.

Through our MyProximus & Pickx platforms, we are in contact every day with millions of customers. It's a unique opportunity to develop and market new value-added services for them. This will boost the usage of our apps and our ambition is to have more than 3 million active monthly apps users by 2022.

For our enterprise customers we accelerate on convergence: our network superiority combined with next-generation ICT services, will offer our customers all the tools they need for their digital transformation.

Growth will also come from our new open wholesale approach.

Finally, our growth strategy is completed by an ambition to grow in local ecosystems, leveraging partnerships to target new opportunities in an asset-light manner. The best example is an innovative banking offer imagined by Proximus and powered by Belfius, and a tailored Proximus offer we will propose to Belfius customers in 2021. We ambition to generate more than € 100 million revenues from new non-telco domains by 2022.

Higher relevance for our customers

At Proximus, our ambition is to grow in our markets with our segmented value proposals. We want to become more relevant to people's lives and be a partner for businesses on their digital transformation journeys. But we are aware that we will be stronger and capable of doing more when we collaborate with others. Partnerships and ecosystems will help us to develop our relevant offer to all customer segments.

Residential customers

We want to be essential and relevant for the daily digital lives of our customers. Proximus will do so by constantly offering more value and aiming for the highest customer convenience.

Our digital platforms MyProximus and Pickx

Our ambition is to make Pickx, our entertainment platform, and MyProximus app evolve to play a central role in our customers' lives. To achieve this, we have further enriched them in 2020 with relevant content and features.

MyProximus, the digital companion of our customers
Our MyProximus app is evolving to become a go-to platform for customers to access a multitude of digital services for **greater convenience**. Our ambition is to offer integrated customers experiences, in cooperation with **local and international partners**.

Our ambition is to **offer integrated experiences**, in cooperation with local and international partners.

A core element of MyProximus is a firm commitment to let our customers keep **full control over their own personal data**, allowing them to define which services are allowed to access which data.

In 2020, we invested substantially in MyProximus to further simplify the daily digital lives of the 1.6 million active MyProximus users with new features such as:

- **Smart Wi-Fi** allows customers to control and optimize their indoor Wi-Fi.
- Customers can pay for their parking in more than 200 cities and towns via the **4411 feature**.
- **Family life** helps families to be better organized with a shared calendar, task lists and a chat function.

In **2021** we will significantly **increase the features on MyProximus**, in cooperation with local partners.

MyProximus is also available for our enterprise customers. Read more about MyProximus Enterprise.

Achievements in 2020

1.6 million MyProximus active users in December 2020

1.1 million Pickx active users in December 2020

Pickx, our entertainment platform

With Pickx, we offer a simple and immersive content experience, whichever screen you choose to use (TV, PC, tablet, smartphone). We work in collaboration with the main platforms for this: **Android TV** and **Apple TV**. We also partner with the main content providers: local broadcasters and major international players, such as **Netflix** and **Disney+**.

Proximus has further developed Pickx in 2020 by adding many features and services including:

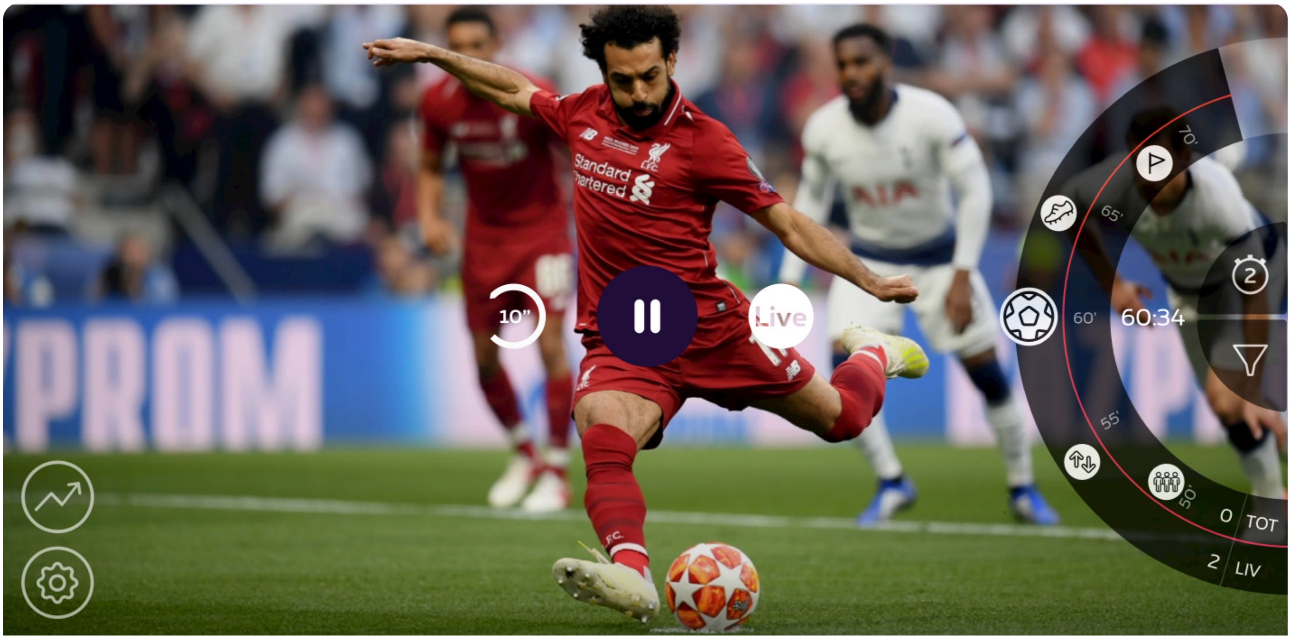
- Customers who already own an **AppleTV** today can download the Pickx application and use AppleTV as their second set-top box.
- A new more energy efficient **Android TV** decoder with a completely redesigned user experience.
- The **Disney+** content offer, making Proximus the only telecom operator in Belgium to offer access to the Disney+ streaming service at the end of 2020.
- **Streamz**, the Belgian streaming service with local content directly accessible via the Proximus Android TV decoder.
- New TV options **All Stars** and **All Stars & Sports** bundle top entertainment for the whole family.
- More sports features for an enhanced viewing experience:
  - We teamed up with **Eleven Sports** to offer their Pro League channels, covering all live Belgian football matches for the next five seasons.
  - Our partnership with **On Rewind** offers All Sports customers interactive live experience on the app and on the website.

In 2021 our ambition is to grow the number of users significantly and to continue to enrich our offering on Pickx, together with our partners.

> We will continue to enrich Pickx to **offer a personalized content experience** to our customers across all screens.

International recognition:
"Best TV User Experience", CSI award 2020

We won the **Best TV User Experience award** for our **Android TV decoder** together with our partner 3SS. The CSI Awards is a competition between video service providers, including traditional broadcasters and pay TV operators.



Tailor-made services and products

To improve our relevance to our residential customers, we enhanced our segmented offering and launched new products in 2020. These include:

Flex: tailor-made for families

This new range of packs for residential customers, which can be customized to the needs of each family member, has accelerated growth in convergent customers. Flex also includes features, such as the **Family life** app, which helps families to be better organized. It includes a shared calendar, task lists and a chat function. Flex also offers access to **My e-Press**, the digital press offer of Le Soir and Het Laatste Nieuws.

Flex was launched in July 2020. At the end of 2020, we had already sold 312,000 Flex packs.

Scarlet: for customers on a budget

Our Scarlet brand continues to thrive, offering the most compelling no-frills offer in the market for customers on a budget. In November 2020, we reached the milestone of one million products sold to our Scarlet customers.

Scarlet will build on its digital mindset by taking its e-sales and e-billing and e-servicing to the next level to digitize customer interactions wherever possible.

Mobile Vikings

At the end of 2020, we signed an agreement to acquire Mobile Vikings[2], a major Belgian mobile virtual network operator. The acquisition also includes the Jim Mobile brand. Mobile Vikings has a mobile offer that appeals to young people making intensive use of mobile data. This agreement opens up a complementary market segment to Proximus' current core target group (Scarlet and Proximus), optimizing its multi-brand positioning in the residential market.

2 At the end of 2020, completion of the deal was still subject to the approval of the Belgian Competition Authority.

Small companies

For the small businesses and the self-employed we launched new services and products in 2020 such as:

- **Business Flex**, a modular pack, which allows the customer to choose the best combination of internet, fixed and/or mobile telephony, and digital TV. Business Flex customers can easily access customer service via the **Prime** feature on MyProximus.
- **Bizz Online Webshop**, a service to create its own online shop to sell their products and services.
- **Start Like A Pro**, a new content platform that is packed with advice, tools and tips for people to successfully start their own business.

Enterprise customers

For our enterprise customers, Proximus wants to strengthen its position as the trusted partner, offering converged telecom and ICT solutions. To enable companies to **fully exploit the potential of technology**, we invest massively in our current and future networks and infrastructure. And we have all the IT and telecom expertise to innovate in terms of connectivity like 5G, security and cloud solutions.

In 2020, restrictions imposed because of the COVID-19 crisis and a worsening economic environment have accelerated the need for the digital transformation of companies.

For enterprise customers, we are doubling down on professional services, leveraging our **partnerships with hyperscalers** to offer a comprehensive Hybrid Cloud approach. We want to support our customers in their application transformation and define the key principles of their transformation (eg. edge computing). We will position our public cloud skills as an asset to facilitate a phased migration of legacy workloads running from On-Premises solutions towards hyperscalers while remaining in a hybrid context.

We are developing cutting edge 5G, IoT and edge use-cases in co-creation with customers such as **Brussels Airport** and **Port of Antwerp,** taking a leadership position in these domains with significant long-term growth potential.

We ambition to grow in new domains like banking, advertising or smart building with key local players. Examples include our partnerships with **Belfius** and the construction group **BESIX**. By 2022, we aim to increase our revenues in these new domains by more than € 100 million.

We want to become the trusted partner for **companies in their digital transformation.**

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

To deliver on this, we will leverage on our investments in our networks and services that push the digital economy forward: IoT, data analytics & artificial intelligence, cyber security, cloud transformation, advanced workplace solutions, application integration and application development.

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

BEMOBILE
codit
UMBRiO
ClearMedia
proximus enterprise
{_}NBRACE
proximus spearit
Davinsi Labs
telindus

We help enterprises with their digital transformation in various domains.

Solutions for the digital workplace

We inspire companies to embrace the digital workspace. We do so by sharing insights and advice about digital collaboration and how work from home will enable companies to reduce their environmental footprint.

We secured our first **WPaaS (Workplace-as-a-Service)** contract with **Agoria**, the technology federation. We are now Agoria's outsourcing partner for their IT workplaces and cloud transformation journey.

The COVID-19 pandemic has required companies to change their way of working temporarily or even permanently. Proximus accompanied a number of them in this transformation.

Software defined technologies (SDx)

New ways of working, connected objects and cloud adoption have a tremendous impact on the security, agility, performance, reliability requirements of a modern ICT infrastructure. Software defined technologies (SDx) play a crucial role in providing these features, while making sure the end-to-end infrastructure remains manageable and secure. Experience shows SDx reduces portfolio complexity and technical servicing costs by -25% over time.

In 2020, we welcomed our first SD-WAN customers.
Via SD-WAN, the customer network can be connected easily and securely to public clouds (public, private and hybrid).

To facilitate the uptake of software defined technologies, we will proactively accelerate the migration to SD-WAN, making sure to bring integrated value propositions to existing and new customers.

Data-driven solutions

We help customers innovate, thanks to data-driven solutions. With the **Internet of Things, Proximus Analytics** and **APIs**, enterprises can collect data that allows them to make objective choices to improve and automate processes.

Security solutions

We offer security solutions to secure our customers company data:

- **Targeted investment in security:** as companies move forward with their digital transformation, the importance of securing data and applications is growing. This increases the need for a new, comprehensive and measurable approach to IT security: security intelligence.
- **The CSIRT monitors your cybersecurity:** every company has to deal with at least one security problem every year. The number of cyberattacks has increased enormously in recent years. Big or small: no one is spared.

Innovation and growth through partnerships and ecosystems

In order to grow in a smart and sustainable way, Proximus builds ecosystems with its partners and customers. Together we create innovative solutions to offer better experiences to our customers in their day-to-day life and to help companies in their digital transformation.

Partnerships help us grow

Working together is what makes our Belgian economic ecosystem thrive. At Proximus, we believe that partnerships are crucial to growth and innovation. They are also a means to generate more value. Our goal is to create and develop sound ecosystems. All in a spirit of openness, partnership, inclusion and sustainability.

How can partnerships help us grow?

Partnerships help us bring relevant content and services to our customers, such as:

- Deals with Disney+, Eleven, Le Soir, Het Laatste Nieuws and others to enrich our Pickx & MyProximus platforms.
- New digital offers and solutions for our customers with Belfius and Microsoft.

Partnerships drive our open networks so they can become an accelerator for innovation. Some examples:

- Joint ventures with EQT Infrastructure & Eurofiber to roll out fiber.
- Mobile access network sharing with Orange Belgium.
- Partnering with enterprise customer Port of Antwerp to develop a private 5G network to test and evaluate the potential of 5G.

Partnerships help us reach our ambitions for a green and digital society, such as:

- Delivery of telecom and hair salon products by electric bicycle with L'Oréal.
- Helping job seekers build careers in the digital world with MolenGeek.
- Don't Miss the Call initiative with Umicore to recycle mobile phones.

In 2020, Proximus made a lot of exciting progress with partners such as Belfius, Microsoft and local players in the field of advertising.

Belfius and Proximus: an exclusive and digital offer for our respective customers

Today, both the financial and the telecommunications industry are faced with many challenges and opportunities. To face these challenges, Proximus and Belfius signed a strategic partnership based on **long-term commercial cooperation** in 2020. By working together, Proximus and Belfius have found an innovative way to provide access to their mutual offers.

From 2021 onwards, Belfius and Proximus will market an exclusive and digitally integrated offer for their respective customers through a disruptive ecosystem. Our partnership will result in an innovative banking offer imagined by Proximus and powered by Belfius, which will be called **Banx**. It also provides us with a new sales engine, as we get the chance to sell our telecom products to Belfius customers.

For Proximus customers

access to an exclusive and innovative **digital banking offer** operated by Belfius

For Belfius customers

access to a specific **offer developed by Proximus** available through Belfius sales channels

Microsoft and Proximus: edge computing and other digital solutions

The collaboration between Proximus and Microsoft allows us to speed up the digital transformation and innovation of the telecommunications sector. How? By offering **edge, cloud, security and workplace solutions** to the Belgian and Luxembourg enterprise market.

Thanks to our partnership with Microsoft, we will become a cloud-first company through the use of Microsoft Azure.

Targeted advertising and national sales house with local partners

At the beginning of 2020, we have launched our **Addressable TV solution** together with RMB/RTBF, SBS, IP/RTL and DPG, enabling them to offer targeted advertising on our Pickx platform (both on TV, mobile and desktop and this both in live as in time shifted viewing) to brands and agencies. Since the launch, the service has been growing rapidly and already more than 150 targeted campaigns were launched.

In December 2020, Proximus/Skynet, Telenet/SBS, Mediahuis, and Pebble Media announced to join forces and jointly create a new **national sales house**. This unique partnership of local media players aims to provide advertisers with the most creative and efficient solutions to reach their customers, across media types and platforms. The new saleshouse should be launched in the first semester of 2021.

Both initiatives aim to empower the Belgian media industry as it will contribute to keep advertising spendings in the Belgian economy.

Innovative solutions for societal challenges

As one of the largest telecom operators in the country, we play an important role in creating a strong digital economy in Belgium. Together with carefully selected partners, we want to help companies in their digital transformation and tackle societal problems in terms of mobility, safety, energy and climate.

5G innovation platform

The 5G innovation platform we launched in 2020 will help us steer 5G in the right direction. We work closely with our technological and wholesale partners, as well as enterprise customers, both public and private, to **develop 5G use cases**. The platform will enable us to understand how 5G transforms the current business models of our enterprise customers.

Striking examples are our partnership with the **Port of Antwerp** and our partnership with **SkeyDrone and DroneMatrix** whereby drones will use Proximus highly performant network and analytics for various missions like surveillance, asset and safety monitoring or logistics. We will showcase and promote our use cases to demonstrate how 5G meets business and societal needs.

New business models and players will appear in years to come. Proximus looks forward to partnering with such innovative approaches. By allowing selected partners to test & develop on our platform, we ensure and facilitate future collaboration.

API Solutions enabling fast innovation

Proximus gives its professional customers access to its technology through APIs. With APIs, businesses can build an innovative IoT, communication solution by combining different blocks of related technologies. They don't lose any time developing these technologies from scratch. That way, they can produce inspiring and relevant solutions that are cloud based and end-to-end digital.

Our professional customers have immediate access to API based solutions via MyProximus.

In 2020, we launched multiple API solutions and functionalities in next-generation communication, Internet of Things and machine-to-machine (M2M) domains. For example, we launched the first telecom operated Communication Platform as a Service (CPaaS) in Belgium.

What is an API?
API stands for Application Programming Interfaces. It's a piece of code that allows applications, operating systems and software programs to exchange information with one another. The greatest advantage? Our customers' developers don't have to create a whole software system themselves, but can use the functions from an existing system.

Internet of Things driving smart solutions

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider. We had more than 2.3 million connections at the end of 2020, using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus does not limit its use of IoT to connectivity. We also support our customers with:

- **Full end-to-end functionalities** – From the blueprint of a project to the integration in their ICT tools, we offer IoT-based services to our professional customers. In 2020, we added a functionality to help our customers improve their business using the data and insights we generate with our solutions.
- **Sustainable options for businesses** – By providing smart products and solutions, we support our professional customers to lower their carbon footprint and enable better energy management.
- A special focus on **Smart Buildings, Retail** and **Manufacturing**.

With **over 2.3 million Internet of Things connections**, Proximus is the leading IoT connectivity provider in Belgium.

At the start of the first COVID-19 wave, the **Belgian ministry of health** created the task force **Data against Corona**. Its aim is to analyse data on the spread of the virus, making use of data from telecommunications and epidemiology. Proximus is an active member of this task force. Because more than ever, we believe that IoT and data analytics have the power to work for the common good.

Smart solutions

During the COVID-19 pandemic, new digital needs emerged. Suddenly there were new restrictions and new ways of working. We had to swiftly develop or adapt our solutions to support our professional customers with these changes. Smart Buildings, Retail and Manufacturing especially, were so crucial in 2020.

Smart buildings and venues

Smart buildings provide an answer to the challenge of climate change. Buildings will have to embody intelligence and to consume energy and space more efficiently. IoT solutions will help to monitor how rooms are used and to adjust their function whenever possible.

We maintain a strategic **partnership with BESIX**, a leading force in the construction industry. Together, we are working on a variety of smart building solutions for energy efficiency, hospitality, advanced workspace management and physical security services. The expertise of both parties is complementary, with Proximus providing connectivity know-how and BESIX bringing a lot of experience in building, comfort and energy to the table.

In 2021, we plan to take our partnership to the next level, with a strong focus on energy efficiency.

Proximus also delivers unique experiences to visitors and owners of large venues such as exhibition spaces, sports facilities or hospitals. We do so by providing mobile applications and digital platforms for parking guidance and optimization, visitor hospitality and on-site guidance, as well as advanced visitor analytics services.

We are supporting cities and governments with **Realtime Crowd Management**, our service to monitor flows of people based on anonymized and aggregated data from mobile phones. Cities like Antwerp, Brussels, Genk, Ghent and the coastal towns made use of the tool to monitor crowds amid the COVID-19 pandemic.

For national railway company **SNCB**, we combine IoT and big data solutions to help them to better monitor traveler flows. We assess the number of people passing through stations in real time in order to eliminate bottlenecks and predict traffic levels based on a machine learning model.

With BESIX we are **co-creating smart building solutions** for energy efficiency, hospitality, workplace and safety.

Smart Retail

Smart Retail is a full set of digital solutions to streamline buyers' journeys, improve interaction with retailers and guarantee a safe shopping experience. As an example **Entrance Monitoring** has been helping various retailers, especially during the COVID-19 crisis, to better manage and control the customer flow at the entrance of their shop and in-store. We implemented the smart retail solution at the Basilix Shopping Center (Sint-Agatha-Berchem) and in stores of the Decathlon chain.

Smart Manufacturing

Thanks to the possibilities created by 5G and Mobile Private Networks, we are currently at a tipping point for smart manufacturing. These technologies will allow us to radically rethink the way we organize manufacturing and to realize impressive efficiency gains.

While connectivity and devices are important, manufacturing companies will also need strong platforms to drive collaboration, innovation, efficiency and competitiveness. Today we are developing such a platform with manufacturing research centre Flanders Make, Microsoft and our subsidiary Codit.

Multigas

Smart gas tanks

All over Flanders, Multigas tanks are located in private homes and in companies. A Proximus IoT solution monitors the level of their gas tanks. If it drops below a certain threshold, Multigas automatically schedules a new delivery. This way, business continuity is guaranteed for professional customers.

Duco Ventilation & Sun Control

Predictive maintenance

Duco designs and sells ventilation and solar shading systems to dealers. The parts used to develop these systems carry a substantial amount of data. A cooperation with Proximus Accelerator Codit ensures that this information is gathered and used to predict the best time for maintenance, based on individual use by various customers.

Open innovation: collaboration with young companies and academia

Besides increasing the digital possibilities of our customers, we also want to have a positive impact on societal and ecological challenges. That is why we are opting for open innovation and co-creation supporting young companies, start-ups and scale-ups and working together with academia.

Supporting young companies, start-ups and scale-ups

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

Co.Station

Impactful solutions for society

Since 2017, Proximus has been a partner of Co.Station, alongside BNP Paribas Fortis. The initiative builds innovation ecosystems. Its ambition is to lift the Belgian economy to a higher level by engaging companies, governments, start-ups, scale-ups and experts. Together they co-create impactful solutions for smart energy, mobility, infrastructure and healthcare.

FinTech

Next-generation financial services

As an active member of the FinTech ecosystem, Proximus enables the digitization of financial and insurance clients through cutting-edge solutions like DigitalKYC, blockchain, artificial intelligence and cloud services. These solutions make for more efficient and highly customer-centric services. As a founding member of the Luxembourg House of Financial Technology, **Proximus Luxembourg** takes the lead in our development towards next-generation financial services.

Meet, Innovate & Create

Fostering digital entrepreneurship

Proximus is a structural partner of Meet, Innovate & Create (MIC), formerly known as the Microsoft Innovation Center Belgium. This public-private partnership with the Walloon Region and Microsoft inspires, educates and fosters digital entrepreneurship. In October 2020, MIC launched the Empower Program to help companies in their digital transition.

Working together with academia

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

We have ongoing collaboration projects at the ULB/VUB (Brussels), UCLouvain (Louvain-la-Neuve), KU Leuven (Leuven) and UGent (Ghent) in various domains like security, mobile and fixed networking, AI, IoT and digital inclusion.

We participate in the **Product Innovation Project (PIP)** organized by the **KU Leuven**. The project challenges interdisciplinary teams of students to develop innovative solutions.

With **UGent**, we set up **collaboration projects in telecom and ICT** and cooperate on doctoral research and theses. Our current projects include a study of exposure to air pollution and an analytic model to predict criminal offenses.

We collaborate with the **VUB** for the "**Expert Class in Esports Management"** program. Proximus will put its experience at the service of students in order to take the Esports environment in Belgium to a professional level.

Act for a **green** and digital society

Act for a **green** and digital society

Our ambition	Status 2020
Embed **sustainability** and circularity in everything we do	• 120 ongoing projects related to circularity and carbon emissions at the end of 2020
Deliver a net positive contribution to **a net zero planet** and become a **truly circular company** by 2030	• Own emissions: -26% (vs 2019)[1] • Indirect emissions: -16% (vs 2014 baseline)[2] • 88% waste recycled in 2020 • 428,000 modems & decoders refurbished in 2020 • 65,000 mobile phones collected in 2020
Support **digital re-skilling** of 1,000+ job seekers every year	• 1,158 job seekers supported by our initiatives in Belgium in 2020 • 73% of tested devices accessible for at least 5 disabilities

The disruption caused by COVID-19 showed us how consumption habits and behaviours change in a crisis. It made us even more sensitive to the importance of protecting the environment. We also became more aware of the role we have to play towards society.

Proximus has taken a leading role in reducing its CO_2 emissions. Since 2016, we are CO_2 neutral for our own operations. Going forward, we have set the bold ambition to make a net positive contribution to a net zero planet and to become a truly circular company by 2030. This will require us to embed sustainability in everything we do. We will reduce our direct and indirect emissions as much as possible. But well beyond our own efforts, we will help our customers reduce their footprint through our products and services and keep financing emission absorption projects. It is a major cultural shift and will require a specific change management effort across the whole organization.

Even though we need to further finetune our roadmap, we have already delivered concrete results in 2020. To name a few achievements, our flagship project "Don't Miss the Call" allowed us to collect 65,000 phones in 2020 despite the impact of COVID-19. We continued to refurbish modems and decoders, reaching 2 million devices since the start in 2014.

Our sustainability efforts are holistic, and we are also taking action on the societal issues we are facing today. Proximus plays a key role in enabling the digital society through our commercial activities, but we want to go beyond by bringing digital trust and peace of mind in a hyperconnected world and by helping to bridge the digital divide. Beyond our ongoing partnerships and the steps we took to support vulnerable groups in the context of the COVID-19 crisis, we are committed to playing a bigger role in the digital education ecosystem.

1 Evolution CO_2e emissions scope 1 and 2.
2 Evolution CO_2 emissions scope 3.

Respecting our planet

Despite the turmoil of COVID-19, we have continued to focus on our contribution to a green society.

Making a net positive contribution to a net zero planet

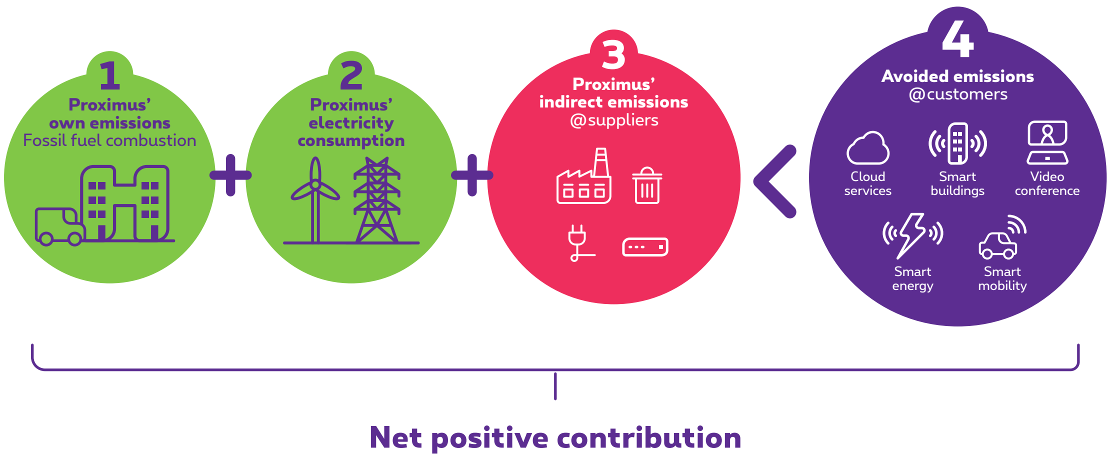
Our climate deserves our greatest attention, and global warming has become a reality we have to deal with, that is undeniable. Any further global warming must absolutely be kept under control. To this end, scientifically based targets were set in the Paris Climate Agreement, with the aim of limiting global warming to 1.5°C.

To contribute to this global goal, we all need to drastically **reduce our CO_2 emissions and energy consumption** and use sustainable alternatives in our daily lives and work.

In 2016, we achieved our goal to become completely climate neutral for our own activities, together with our climate projects. We are really proud of this achievement. But our total impact goes beyond our own activities. This is why we need to **reduce our indirect emissions throughout the entire value chain**. It is about the supplies we use, the products we sell, the way they are used and what happens at the end of their lifecycle. In other words, the challenge that lies ahead is much bigger than what we have done to date.

We have now set the bold ambition to make a **net positive contribution to a net zero planet by 2030**. To get there, we need to do more "good" and less "bad" for the environment:

- **More "good"** will be achieved by enabling our customers to reduce their carbon footprint through our products and services.
- **Less "bad"** means acting upon our total carbon footprint, which comprises our own direct and indirect emissions (scope 1 and 2) as well as our indirect emissions throughout the value chain (scope 3).



Proximus' own direct CO_2 emissions and electricity consumption

We are already CO_2 neutral for our own emissions through compensations. By 2030 we want our own emissions being reduced to zero, without any compensation.

Proximus will further reduce **its own direct CO_2 emissions** and eradicate the use of fossil fuels, both for **buildings and transport**.

In 2020, we replaced 275 petrol and diesel vehicles with **new CNG cars** (Compressed Natural Gas). Choosing CNG is a first but important step towards a sustainable car fleet. Among other advantages, CNG cars can also run on biogas, which is almost carbon neutral. Furthermore, we strive to create a fully electric (management) fleet by 2025.

Within Proximus we also **encourage our employees** to make responsible and sustainable choices in transport. Our flexible mobility plan gives our employees the freedom to choose the mobility solution that suits them best and encourages them to take public transport. In 2020 we improved our mobility plan, which we will roll out for all employees of the Proximus Group in 2021.

For the **electricity consumption of our company**, we want to move towards a completely green and local supply. We already use 100% green energy and will source more local energy through investments of our own and through long-term partnerships with Belgian wind or solar plants by 2024.

Proximus' indirect emissions throughout the value chain

Apart from our own emissions, a big part of our environmental impact is linked to the **CO_2 emissions indirectly generated** by Proximus throughout our value chain. We aim for a **10% reduction by 2025** and a 50% reduction by 2040.

Reaching these targets is all the more challenging because their volume is 24 times greater than the emissions emanating from our own operations. It will require a joint effort from our vendors, subcontractors and affiliates to reduce their carbon footprint and move towards a more sustainable supply chain. In addition, we will need to get towards zero waste and improve the energy efficiency of our products and solutions.

21 suppliers signed our **Circular Manifesto**.

Circular Manifesto

With more than 4,000 suppliers, we are taking our responsibility to building a sustainable supply chain seriously. In September 2020 we published our Circular Manifesto, which in the meantime is already signed by 21 major suppliers. It is the commitment of Proximus and the suppliers to work together to reduce their carbon footprint and produce more circular products. Our aim is to reduce the use of raw materials, to optimize the life span and energy efficiency of our products and to reduce waste. In 2021, we will increase the number of suppliers signing the Manifesto, aiming to cover 50% of our annual external spend by end 2021.

Green city deliveries

Transport has a huge impact on CO_2 emissions. That is why our Proximus shops in Antwerp, Ghent, Brussels and Liège are being supplied by cargo bikes.

These positive results encourage us to further explore all possibilities for greener deliveries in other major cities, to expand delivery zones and to get more companies on board.

Achievements in 2020

5,800 parcels delivered by bike
3,400 parcels returned by bike

Waste management

Our activities in Belgium in 2020 generated 10,792 tons of waste, including 12% residual waste that was converted into electricity and heat energy in waste treatment facilities. The remaining 88% was recycled, reused or reprocessed. We have set clear goals on our future waste management and we intend to recycle as much as 90% by 2025.

One material we have been recovering on a grand scale is copper. That is because we are gradually replacing our copper networks with fiber, which is more sustainable. The MIDAS project, which has been running for several years, is aimed at recycling as many valuable resources as possible from network installations. In 2020, more than 993 tons of copper cable were recovered.

A reduction of Proximus' footprint in households & enterprises

To deliver our products and services we install devices in households and enterprises, such as modems, decoders or PABX. By investing in product research & development, we continue to optimize the energy consumption of these devices resulting in a further reduction of our indirect emissions footprint.

Furthermore, we continue to promote e-billing to our customers as it helps to reduce our indirect emissions.

Our newest Proximus decoder is **up to 45%** more energy efficient.

360,000 customers opted for e-billing in 2020, **saving 85 tons of paper**.

Solutions enabling the decarbonization of our customers' footprint

We believe we have an enabling role to play towards society by providing products and solutions that reduce our customer's carbon footprint. We work together with them to develop innovative and green solutions. We can help make positive changes for the climate outside our own value chain.

Some examples of our products and solutions that will enable the enterprise and public sector to decarbonize their footprint are:

- **A smart parking app** that saves our customers time and fuel, which cuts back CO_2 emission. Proximus is working with a number of cities and companies to develop our own parking management system on our Internet of Things platform.
- **Traffic management systems** that track the emission of company cars and optimize their usage.
- **Audio and video conference tools** to reduce travel, especially by plane.
- **Monitoring devices** for efficient energy consumption.
- **IoT solutions**, such as smart buildings, smart cities, smart agriculture, to enable better energy management, water management and fertilization management.

In 2020 we started to quantify the avoided carbon emissions of our products and solutions to provide a baseline on our journey towards a net positive contribution. In 2021, we will embed this calculation methodology throughout the organization and set up a forecast tool for the evolution of avoided emissions up to 2030.

465 Kton avoided CO_2 emissions by customers in 2020.

Pivoting towards a circular economy

We want to become truly circular by 2030 and are gradually saying goodbye to the current economic system of "take, make, waste". A circular economy is based on the idea of no longer depleting raw materials but extending their life span by reusing, repairing and recycling them. The impact? Less waste and pollution. More time for natural resources to recover.

Circularity starts with **each and every one of us**. As a company we want to set a good example to our customers, employees and partners, including our suppliers.

Together, we choose and **design products with circularity in mind**. Modular products, with parts that can be easily replaced and materials that are easy to recycle.

We are committed to embedding circularity in everything we do. Whether it is the roll-out of our network or the choices we make while refurbishing buildings, each time we reflect on how we can apply circular principles. Circularity also encourages us to value **waste management**.

Our goal? Become **truly circular by 2030** across Proximus, from network to facilities, from real estate to all our data centers. Although several projects are ongoing, in 2021 we will finalize defining our circular KPIs, develop a carbon and circular dashboard and set up our full roadmap towards our 2030 ambition.

Wide range of ongoing circular projects

- **Our Circular Manifesto**
- In January 2020, we launched **Don't Miss the Call**, a large campaign to raise awareness about phone recycling and to motivate people to return their old devices. Their valuable and increasingly scarce raw materials can be reused in new phones. Our goal was to collect 100,000 phones in 2020. Despite the COVID-19 restrictions we still collected 65,000 phones. Don't Miss the Call will be **extended in 2021** with the objective to collect 150,000 units.
- We have been **collecting and refurbishing modems and decoders** since 2014. We have granted a second life to 90% of old devices, which corresponds to 2 million refurbishments. 428,000 devices have been prepared for a second life in the course of 2020.
- Proximus is the Belgian distributor of **Fairphone**, the most sustainable smartphone around. Its essential components, such as the screen and battery, can be replaced. **40% of its materials are recycled** and, whenever possible, raw materials are ethically sourced.
- In October 2020 we announced a new way to safely connect phones to our mobile networks: **the eSIM**, a small chip directly integrated in the mobile phone. The eSIM is **a more sustainable successor** of the plastic SIM card. We have activated 2,500 eSIM phone users in 2020.
- **Network sharing with MWingz**, our joint venture with Orange Belgium, using common antennas to reduce our ecological footprint.
- 2021 will see the launch of our new **eco-designed modem**. This is another important step towards more circularity: this energy efficient device will have 25% fewer electronic components and 50% less plastic. Its components are recycled, and the plastic used is recyclable, meaning that this modem will eventually get a second life.

Compliance and recognition of our sustainability strategy

Proximus is internationally recognized for its sustainability efforts.

- In June 2020 we received a gold medal from **EcoVadis** for our activities in the field of sustainability – the fourth time in a row. Our score places us in the top 5% of companies evaluated by Ecovadis.
- Since 2016, CO_2logic has awarded Proximus with the **CO_2 Neutral® label** for its own activities. CO_2logic offers this label to organizations that radically reduce their climate footprint. The label is also validated by Vinçotte, an independent certification body, making it an international reference.
- In 2020, Proximus was recognized with a **A score** for tackling climate change by the non-profit organization CDP.
- Proximus has adopted the **Science-Based Targets (SBT) methodology** for its CO_2 emissions. SBT is an international organization that checks and validates the carbon footprint reduction efforts of companies worldwide. Our mutual goal is to limit global warming to 1.5°C.
- Our commitment to go 100% renewable is one of the reasons we were admitted to **RE100**, a global initiative driving the transition to 100% renewable electricity, together with the Climate Group and CDP.
- In 2020, Proximus was recognized at the CDP Europe Awards as a **Supplier Engagement Leader**. Working with CDP allows us to manage the environmental impact of our supply chain, by pinpointing risks, identifying opportunities and making purchasing decisions aligned with our vision.

Contributing to a digital society

Proximus wants everyone to benefit from technology in this increasingly digital world. Because we play a leading role in building the digital society in Belgium, it is our commitment to ensure that digital tools are safe, inclusive and accessible to all, as well as to bring peace of mind in a hyperconnected world.

We invest in education to help people gain the digital skills they need to thrive in the digital world. In collaboration with our partners, we plan to strengthen our role in education to digital and bring together many scattered initiatives into a **comprehensive ecosystem**.

We are committed to connecting more people and ensuring that disability does not form a barrier to the digital world. The digital divide in our society has unfortunately been further accentuated by the COVID-19 crisis.

Furthermore, we are actively involved in developing a safer digital society. This happens not only through building cyber-resilient infrastructures, but also by a series of educational initiatives and high standards in data protection.

Closing the digital divide

Our initiatives focus on young people, senior citizens and people with a disability. We also support people and families living on a budget. This is how we contribute to closing the digital divide:

- We invest in the education of people of all ages and backgrounds.
- We make digital accessible to everyone.

Education of both young and old: ongoing projects

MolenGeek

A helping hand for young people

We came together with MolenGeek in 2019 to help less-privileged job seekers with an entrepreneurial mindset **build careers in the new digital world**. Youngsters follow an intensive six-month training course at the Coding School, allowing them to start as web developers.

In 2020, one MolenGeek student took part in a six-month internship at Proximus in IT, the IoT and website development. The other planned initiatives have been cancelled due to COVID-19.

In 2021 we will support the launch of MolenGeek in Charleroi and Borgerhout.

Technobel

Filling the skills gap

We are a founder and long-term partner of Technobel, which offers **ICT training courses** to job seekers as well as information and awareness initiatives for citizens, schools and professionals. Students can validate their skills through an official certification (Apple, Microsoft, Cisco, Huawei, Juniper, etc.).

In 2020, Technobel assisted Proximus to fill the skills gap in our digital society. We developed a **unique dual learning track for fiber optic splicers**, who build and maintain copper and optical fiber networks. Thanks to Technobel, students acquired a set of skills that make them very desirable on the job market.

In 2021, Technobel will further maintain its place as a benchmark training centre in Europe.

19

Coders of the future

Proximus is one of the founding partners of 19, the first free Belgian **coding school**. 19 is an innovative way of learning: there is no tuition fee and education takes place without a teacher.

In 2020, Proximus welcomed **five interns** from 19. They worked on data analytics and web development projects.

Because 19 joined the Digital Campus of BeCentral, it can now accommodate up to 750 students (compared to 450 in 2019). In 2021, 19 wants to encourage even more students to apply and make sure job seekers, especially women, benefit from this new way of learning.

Diggit

Seniors going digital

Diggit is the Proximus educational project for children to help the elderly go digital. Through this initiative, we **bring generations closer to each other** and allow digital natives to share their experience with older people in a playful way. Since the initiative was launched in 2011, we have trained a total of 5,000 senior citizens in collaboration with 3,000 children.

In 2020, we carried out projects at three Belgian schools. Unfortunately, due to COVID-19, we were unable to organize trainings with seniors in schools.

Our ambition in 2021 is to train **2,500 senior citizens**.

Bednet and ClassContact

Online education for children

We are a proud partner of Bednet in Dutch-speaking schools and of ClassContact in French-speaking schools. These associations allow children living with a long-term illness to continue their education at home or at hospital, thanks to **videoconferencing** solutions.

We support them by providing Internet connection and financial aid. In 2020, Bednet and ClassContact helped 1,277 children, compared to 1,164 in 2019. We are committed to supporting these organizations to help more children fulfil their potential in 2021. This year Bednet plans to assist at least 1,000 children and ClassContact at least 100 children.

Making digital accessible to everyone

Proximus is committed to making technologies accessible to everyone. Further measures were taken to prevent social isolation and foster connection during the COVID-19 pandemic.

By 2024, 25% of programs in our TV catalogue will have an **audio description** and 25% will have **subtitles**.

Devices adapted to disabled people

15 devices tested in 2020

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

In 2020, 15 new devices were tested, compared to nine in 2019, before proposing them as part of our offer. 73% of the tested devices were accessible for at least 5 disability categories (compared to 44% in 2019).

Digital platforms for people with a hearing or visual impairment

Aiming for more content with audio description and subtitles

In 2020, we improved the **accessibility of our websites**, Proximus.be and Proximus.com, for people with a hearing or visual impairment. Changes included subtitles to videos and text explaining the images so that they know what is on the image with their "text to speech" app. We also added optimal colour contrasts so text and images can be clearly seen and read.

In 2021, we will improve the accessibility of our apps MyProximus, Pickx and Epic to disabled people. We offer subtitles and audio description on a number of channels on **TV platform Pickx** for people with a hearing or visual impairment. We will extend this functionality to other channels and to programs in our video-on-demand catalogue. By 2024, 25% of programs in this catalogue will have an audio description and 25% will have subtitles.

COVID-19 measures

Preventing social isolation

We made sure people – both vulnerable groups and frontline healthcare workers – would be connected with their loved ones throughout the pandemic by providing:

- 50 smartphones to a group of assisted living centers across Belgium
- 1,200 tablets and smartphones to retirement homes and hospitals
- 1,500 laptops to DigitalForYouth.be
- an additional 10 GB of mobile data to healthcare workers.

Build digital trust

In developing infrastructure and digital services, **safety is our top priority.** We offer our customers solutions to protect themselves and keep our employees up to date with the latest security practices. Digital threats surpass national borders. This is why we work closely with national and international cyber authorities.

Cyber security within our company

In 2020, Proximus **invested € 7.5 million in its Corporate Cyber Security Program**. With this investment, we want to make our company more cyber-resilient, while offering best-in-class secured services and networks to our customers. It also helps us to reinforce the protection of our critical infrastructure. Raising cyber security to a higher level remains a top priority for 2021.

Our corporate **Cyber Security Incident Response Team** (CSIRT) is continuously monitoring security alerts and coordinates the response to cyber threats.

In 2020, our CSIRT analysts handled 1,052 incidents (compared to 1,261 in 2019) and 34,912 alarms (23,111 in 2019).

Although Proximus was not directly hit with COVID-19-related attacks, we became aware of a **significant increase in cyber threats towards our employees**:

- 30% of these attempts were related to social engineering
- 349 such cases in 2020 (compared to 133 cases in 2019).

Moreover, we are the proud holder of a Trusted Introducer Certification and **four ISO 27001 certifications** covering our data centers housing and hosting, Security Operations Center and the enterprise Explore Connectivity.

To become even more efficient, we will merge the different ISO 27001 (Information security management) certificates with ISO 9001 (Quality Management) into **one Integrated Management System**.

Identity and Access Management plays an increasingly important role in our transformation towards a digital native company. We have to guarantee the protection of both company data and customer privacy. This is why we are reinforcing it through our Corporate Cyber Security Program.

Cyber security for our customers

Worldwide, a rise in cyber-attacks was observed in 2020, with more **targeted and sophisticated phishing campaigns**. However, the phishing campaigns targeting our customers and impersonating our Proximus brands fell by 25% compared to last year. There were 145 attacks, compared to 209 in 2019.

A high number of phishing campaigns were observed during the first COVID-19 lockdown period (April-May). By **closely monitoring and responding effectively**, Proximus CSIRT prevented 742,000 customers in 2020 accessing fraudulent websites.

Proximus CSIRT **prevented 742,000 customers** in 2020 from accessing fraudulent websites.

Public awareness remains the best way to mitigate the risk of attacks. Our CSIRT posts warnings on social media whenever a new phishing campaign is detected. In addition, Proximus' Security Operations Center monitors more than 3,000 million events daily, alerting enterprise customers in case of incidents and remediating them.

We strongly **improved the protection of our mobile customers** and the security of international interconnections.

In 2021 we will continue to invest in improvement tracks for our **Managed Security Services**.

Cyber security for the general public and institutions

Exchanging knowledge and experiences is key for organizations to be cyber resilient.

On a national level, we remain a committed partner of **BE-Alert, a 24/7 public warning system** by the Belgian authorities. BE-Alert broadcasts news and information in the event of a crisis via SMS, fixed voice, email and social media.

In 2020, Proximus handled **238 requests from law enforcement authorities** to block access to websites. We cooperate closely with the judicial authorities and help them in their investigation in the context of criminal offences such as the possession and distribution of images related to child pornography.

Our current partnerships

- **The Belgian Cyber Security Coalition**, of which we are a co-founder, is a collaboration platform of 103 cyber security experts from the public and private sectors and the academic world.
- We maintain a close co-operation with other European telecom operators through the **ETIS platform**, where we are presiding the security workgroup. Today, 5G security is a key priority.
- We are working together with the **European Network & Information Security Agency** (ENISA) to better understand the evolution of regulations.
- In order to stay up to date on new cyber threats, we also engage with **NATO**, **Europol** (Cyber Crime Center) and **Interpol** (Global Cybercrime Expert Group).

Cyber security education: raising awareness

The combination of digital transformation and increasing cyber threats, is intensifying the need to raise cyber security awareness among our employees and contractors.

Educating our employees

In 2020, we organized a fully **digital Security Week** for our employees. A total of 2,791 people took part in seven digital information sessions, covering the threat landscape, COVID-19 safety and secure video conferencing.

In addition, **Proximus Corporate University** (PCU) continues to develop training programs in cyber security. This year, PCU launched a "Get the basics" track on cyber security.

Proximus also offers corporate learning programs – such as **Building the Future**. Seventy employees are currently following a learning path including cyber security. A CISSP certification is part of it.

Since high-level competitions are also a good way to develop skills, a cross-divisional team participated in an international **Boss of the SOC challenge**. Our team came 16th out of 252 teams who took part.

Educating society

Twice a year, during the **Internet Safe & Fun Days**, our employees, trained by partner organization Child Focus, visit primary schools to make children aware of safe and responsible Internet usage. For the October session, for the first time, the lessons were given digitally and remotely.

In 2020, we reached 7,875 children in 142 schools (compared to 10,300 children in 185 schools in 2019).

We also teamed up with the Center for Cyber Security Belgium (CCB) and the Cyber Security Coalition for **the 6th national cyber security campaign** to raise awareness on two-factor-authentication among citizens and organizations.

Safe and private data: trusted gatekeeper

As a telecom provider and a digital platform provider, data is at the heart of the services we provide, and it goes without saying that we make sure that our customer's data remain confidential and secure. To this end, we apply strict rules and policies within our company which **comply with the GDPR and the e-privacy directive**.

- We have appointed a large community of over **60 Privacy Ambassadors** across the different business units to ensure the highest level of awareness and accountability on Privacy compliance throughout the company. These Ambassadors receive regular Privacy trainings.
- Proximus has defined a structured **Privacy Review Process** to streamline the Privacy reviews of all initiatives including personal data and has set up a dedicated internal Privacy Governance body to address all Privacy matters at the highest level of management. This process is integrated into the other corporate processes of the organization to ensure highest level of effectiveness & efficiency.
- The Legal Privacy has been reinforced with **3 newcomers** in 2020 and the DPO team will be extended with 2 additional people in 2021 to accelerate Privacy reviews while maintaining the highest level of expertise.They also provide privacy related content and tools to improve awareness across the company and allow all employees to access valuable information.
- We are continuously improving our MyProximus interfaces to allow our customers to manage their data in a simple and easily accessible way by indicating their privacy preferences on the **MyProximus app and website**.

Social engagement

As a company with strong roots in Belgium, we want to give back to society. We do this by supporting national and international projects as well as local initiatives close to Proximus offices.

For people in difficult economic situations, we offer social tariffs. In 2020, 179,524 persons benefited from one or more social tariffs granted on social or humanitarian grounds (compared to 184,291 persons in 2019).

Be.Face

Helping the most vulnerable

We are proud to support Be.Face, a charity working with some of society's most vulnerable people. In 2020, we have been able to share surplus food and drink from our offices with Be.Face to be distributed across Belgium.

Proximus employees **raised more than € 40,000** by taking part in a virtual 100 km trek.

Further initiatives

- In collaboration with NGOs and humanitarian organizations, we install **free Wi-Fi** in places where refugees and migrants can stay in Belgium.
- We continue to support **Télévie**, a charity event in Belgium that raises money for cancer research. We provide technical assistance, including Internet and telephone lines.
- Proximus employees have organized campaigns to **raise money for CAP 48, Télévie and the Kom op tegen Kanker cancer trust**. We raised more than € 40,000 by taking part in a virtual 100 km trek.
- In 2020 we supported **social initiatives by employees**, promoting their fundraising efforts across our organisation. Good example is the event organized for the charity Damiaanactie.
- As part of our Don't Miss the Call campaign, we collaborate abroad with **Eight**, a development project in Africa which gives whole village communities a basic income.

Getting **our people** and organization ready for the future

Getting **our people** and organization ready for the future

Our employees will make our #inspire2022 strategy come true. That is why we create a challenging and inspiring work environment with great focus on diversity, collaboration and empowerment.

We will enable our existing and future employees to take ownership of their career by providing re-skilling and up-skilling in key domains to keep them relevant for today's and tomorrow's jobs while attracting the best digital talent. We aim to be recognized in the employment market as a talent builder for the digital world.

The COVID-19 pandemic has been a defining moment for the telecom sector, underlining our societal responsibility. Thanks to the expertise, professionalism and dedication of our employees we could keep families and friends connected, enable people to work or study from home and help companies and organizations operate.

Re-skilling and up-skilling

We want to equip our employees with the skills they need to thrive in a fast-changing world. We create together with them the opportunity to continuously up-skill and develop, particularly in the digital field. We want to have the right skills in-house to lead the development of the digital economy and society of the future, and to assure the employability of our people. Re-skilling helps us to reorient employees and to grow in new future-oriented domains such as fiber.

For 2021 we have the ambition to have an average of 40 training hours per employee. **By 2023**, we will have **invested € 100 million** in training (including the time invested).

Continuous learning and development are extremely important. Proximus prides itself in offering a wide range of training opportunities to support our employees to reach their full potential. This offer is regularly updated and expanded.

Training at Proximus in 2020

We invested **€ 34.45 million** in employee re-skilling and up-skilling.

Each employee took part in an average of **39.5 hours** of training, aligned with our ambitions.

> By 2023, € 100 million will be invested in training.

We focus on:

Getting the basics

"Getting the basics" is all about acquiring the most essential soft and digital skills for the future, covering creativity and innovation, network, cybersecurity, emotional intelligence and digital communication.

In 2020, about 1,500 employees followed at least one module in the "getting the basics" program.

In 2021, training will be expanded to include customer experience, data analytics and emerging technologies.

Staying relevant in the current job

We offer our employees challenging and ambitious learning tracks to up-skill in fields that are critical to stay relevant in their job.

Examples of specific training tracks include:

- New technologies: 5G and fiber for technicians, followed by 1,300 employees in 2020.
- Multilevel and longitudinal learning paths on multiple subjects: cloud, fiber, data management and engineering, voice of the customer. In 2020, 3,755 employees followed one of these trainings.

In 2021-2022, a classroom training offer will be launched for splicers, technicians, call center agents and sales in the shops to raise their level in crucial skills.

We foster partnerships to reach our ambition. In 2020 our partner **Technobel** developed a unique **dual learning track for fiber splicers**. This will be of benefit to Proximus, given our ambition to build the best gigabit network by 2022.

Building the future

We organize corporate programs focusing on strategic skills, helping our employees to prepare for the next step in their career. In 2020, we launched five intensive multilevel re-skilling tracks for cloud, data, cyber security, network development and user experience. Most of them come with a training certification.

In 2021, new waves of the five re-skilling tracks will be launched and partnerships will be set up to offer re-skilling programs to more employees.

Internal mobility

We encourage **internal mobility**, as we want to ensure that all employees benefit from continuous learning and do a job that matches their talents. Together with the restructuring plan, agreed end 2019 and implemented in 2020, this led to an exceptional high number of internal job changes. In 2020, 2,146 employees **changed jobs** internally (519 employees in 2019).

Attracting the best talent

In 2020, despite the COVID-19 crisis, Proximus recruited more than 200 employees in domains of the future for roles like data analysts, UX designers, IT analysts, enterprise architects and more. In 2021, we will focus on targeted recruitment in critical domains. To help us do that, we founded KUBIC with other top employers in Belgium.

KUBIC: nurturing the talent of the future

In November 2020, Proximus joined with Colruyt Group, Deloitte, KBC, Nalantis and Ravago to launch the **Knowledge University Business Integrated Challenge** (KUBIC). This initiative brings together companies, students and universities to encourage knowledge sharing and networking. KUBIC is an open platform, accessible to all companies and to students from all universities. With the number of vacancies expected to grow in Belgium in the coming decade, the aim of this innovative platform is to **strengthen the position of all companies involved in the competition for talent** by connecting them through KUBIC. The potential target audience is approximately 40,000 students.

Transforming the way we work

To get our organization ready for the future and make a real shift to a truly customer-centric digital company, Proximus will gradually transform into a network of **cross-functional, diverse and empowered teams** driven by a shared purpose and supported by a strong company culture. This transformation requires deep cultural change. In 2021 we will strengthen our efforts with a continued focus on leadership at all levels of the company.

Good to Gold culture

Our company culture, known as “Good to Gold”, is composed of two important elements:
The **growth mindset**; having a growth mentality means that you believe in life-long learning.
The second important element is **our values**: collaboration, accountability, agility, customer centricity and digital mindset. The way we act, the way we behave, will always be guided by our values.
Our values combined with a growth mentality allow us to make a difference.

We leave our siloed way of working behind and are implementing a transversal way of executing our work. In 2020, we launched Steam, a project to improve the servicing experience for our customers through the set-up of **multi-disciplinary teams**.

These teams combine customer service agents with complementary skills, collaborating day-to-day to provide end-to-end service to the customers. Their mission? To make life easier for the customers and provide first time right solutions.

We started with the first three teams, for residential, small enterprises and large companies, in 2020 and we will further increase the number of multi-disciplinary teams in 2021 to reach more customers.

In 2020, so-called Good2Gold Lean Teams were formed, together representing a total of 900 employees. The aim is to instill a culture of continuous improvement in order to increase our efficiency and to improve the dynamics of the teams.

In 2021, we will continue to roll-out new agile teams and improve our processes in order to reduce the time to launch new products and services and to increase customer experience.

Digital workplace

We want autonomous and effective collaboration to take center stage, where information is shared openly and efficiently.

This is why we offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. Our digital office tools allow employees to maximize their own personal efficiency and facilitate collaboration with others.

- In the summer of 2020, we rolled out **Microsoft Teams**. It also allows us to collaborate more easily with partners, suppliers and customers.
- Our new fully multilingual **collaborative intranet platform (WAP+)** was launched at the end of 2020 to stimulate connections among employees, informal cross-team collaboration and knowledge sharing.
- We launched our **Spencer app**, developed to give internal Proximus employees access to their holidays, absences and team calendar on their mobile device.
- We also launched two **apps for digital support** to our employees: **Ada** for IT questions and **Yoda** for HR questions.

Building the workplace of the future

In a changing and challenging context, the moment to reinvent the workspace is now. We want to evolve towards an inspiring digital hub connected to a national network of spaces enabling to work smarter, built to foster connection, collaboration and innovation.

Due to COVID-19, overnight almost 85% of our own employees found themselves working remotely. Thanks to our investments in the past years in establishing a digital workplace, we were able to easily cope with the sudden switch in our way of working.

The pandemic was an opportunity to **rethink the way we work**, taking into account what we have learned from this crisis: review the balance between face-to-face and teleworking, work more intelligently and ensure that our decisions are taken with environmental considerations in mind.

A new collective agreement

In October 2020, we have concluded a new **innovative collective agreement** with the trade unions. In line with our #inspire2022 strategy this agreement focuses on a more sustainable and innovative way of working.

Our new agreement strives to find a **new balance between telework and working in the office** – even post-COVID-19. A balance that works for the employees and for Proximus. This means only going to the office when there is a clear benefit such as co-creative meetings, connecting with the team, activities needing physical presence or because we feel a personal need to do so.

Employees can now work up to **three days per week at home** compared to two days previously and are given the possibility to completely **go offline** outside working hours.

We also launched a **flexible mobility platform** that gives our employees the freedom to choose the mobility solution that suits them best (for example, car, train or bike) and reduces everybody's ecological footprint.

Finally, we will focus more than ever on training and we will strengthen our principles of equality, diversity and inclusion.

Proximus diversity and inclusion statement is disclosed in the Consolidated Management Report on page 306.

> We will focus more than ever on training and we will strengthen our **principles of equality, diversity and inclusion**.

A new workspace vision at Proximus

We want to instill a new dynamic, where each colleague selects the optimal workspace to execute their work, depending on the activities and level of interaction needed (at home, in a regional office, or in Brussels). Our future spaces must go beyond a simple physical workspace and allow us to work smarter, collaborate and innovate while also being a source of inspiration and contact between colleagues.

To support this vision, we will investigate the best scenario to create a **greener "campus-like" building in Brussels** that is smaller and better suited to collaboration, formal and informal contacts. At the same time, this project will enable us to significantly reduce our carbon footprint while benefiting from a favorable financial impact. This new environment must above all **reflect our culture**: more customer-centric, more horizontal, more open, more networked and part of the local community.

> Our spaces must allow us to **work smarter, collaborate and innovate**.

Being our best selves at work

We strive to create a positive work environment. Where people feel good and feel valued. Where working conditions are adapted to personal needs for a better work-life balance in sync with the company's ambitions. Where employees are resilient, engaged and making a positive contribution to our company growth.

Wellbeing at work

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

Under normal circumstances, we offer our employees services through our **Work Life Unit** such as childcare during summer and spring holidays. We also organize a Fun Day and a Kids Party for all our employees and their families each year. Unfortunately, due to COVID-19, family days and childcare during school holidays could not be organized in 2020 and were substituted by other initiatives.

With our **FeelGreat@Proximus** program we aim to foster a culture of physical, social and mental resilience. This includes workshops, events, brochures and communication campaigns.

Safety and wellbeing during the COVID-19 pandemic

We developed multiple initiatives to protect and support our employees during the COVID-19 crisis. Detailed information can be found in the pages "Our response to COVID-19 pandemic".

Manage for impact, manage responsibly

Governance statement and compliance

Corporate governance statement

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

Proximus governance model

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the center of ethical dilemmas, and we put the right measures in place to ensure our business is conducted ethically. This first of all means having a clear governance model, which for us, as a limited liability company under public law, is imposed by the Law of 21 March 1991 on the reform of certain autonomous economic public companies ("the 1991 Law"). For matters not explicitly regulated by the 1991 Law, Proximus is governed by the Belgian Code of Companies and Associations of 23 March 2019 ("the Belgian Code of Companies and Associations") and the Belgian Corporate Governance Code of 2020 ("the 2020 Corporate Governance Code").

The key features of Proximus' governance model are:

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

Proximus designates the 2020 Corporate Governance Code as the applicable Code (www.corporategovernancecommittee.be).

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

Board of Directors

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

Directors are appointed for a renewable term of up to four years. According to the limits for independent Directors, defined in article 7:87 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, the maximum term for independent Directors is limited to twelve years.

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

Proximus is proud of a substantial female representation on its Board of Directors. This composition and the complementary expertise and skills of all Directors create a dynamic which benefits the good management of the company.

Composition of the Board of Directors

Members of the Board of Directors appointed by the Belgian State

Name	Age	Position	Term
Stefaan De Clerck[1]	69	Chairman	2013 – 2022
Guillaume Boutin[2]	46	Chief Executive Officer	2019 - 2024
Karel De Gucht	67	Director	2015 - 2021
Martine Durez[1]	70	Director	1994 - 2022
Isabelle Santens[1]	61	Director	2013 - 2022
Paul Van de Perre[1]	68	Director	1994 - 2022

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

Name	Age	Position	Term
Pierre Demuelenaere	62	Independent Director	2011 - 2021
Martin De Prycker	66	Independent Director	2015 - 2023
Catherine Rutten	52	Independent Director	2019 - 2023
Joachim Sonne[2]	46	Independent Director	2019 - 2024
Agnès Touraine	66	Independent Director	2014 - 2022
Catherine Vandenborre	50	Independent Director	2014 - 2022
Luc Van den hove[2]	61	Independent Director	2016 - 2024

1 By decision of the AGM of 15 April 2020, the mandates were extended until the AGM of 2022

2 By decision of the AGM of 15 April 2020, the mandates were extended until the AGM of 2024

Functioning of the Board of Directors

The Board of Directors meets whenever the interests of the company so require or at the request of at least two Directors. In principle, the Board of Directors holds five regularly scheduled meetings annually.

The Board of Directors also yearly discusses and evaluates the strategic long-term plan in an extra meeting.

In general, the Board's decisions are made by simple majority of the Directors present or represented, although for certain issues a qualified majority is required.

The Board of Directors has adopted a Charter which, together with the Charters of the Board Committees, reflects the principles by which the Board of Directors and its Committees operate.

The Board Charter stipulates, among other things, that important decisions should have broad support, understood as a qualitative concept indicating effective decision-making within the Board of Directors following a constructive dialogue between Directors. Files on important decisions are prepared by standing or ad hoc Board Committees, with significant representation of non-executive, independent Directors within the provisions of article 7:87 of the Belgian Code of Companies and Associations.

Committees of the Board of Directors

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

Audit & Compliance Committee

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

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

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

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

The members of the Audit & Compliance Committee are: Mrs. Catherine Vandenborre (Chairwoman), Messrs. Stefaan De Clerck, Pierre Demuelenaere, Joachim Sonne, Paul Van de Perre (until 29 April 2020) and Mrs. Catherine Rutten.

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

Nomination & Remuneration Committee

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

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

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

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

At the beginning of each year, the Committee reviews the performance, budgets for pay-out of bonuses and merits and long-term and short-term incentive plans. At that meeting, the concept and strategy of the remuneration policy is also discussed. The Committee determines the performance measurement targets of the CEO and the members of the Executive Committee through Key Performance Indicators.

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

Transformation & Innovation Committee

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

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

The members of the Transformation & Innovation Committee are: Messrs. Stefaan De Clerck (Chairman), Karel De Gucht, Martin De Prycker, Luc Van den hove, Paul Van de Perre (as of 29 April 2020) and Mrs. Agnès Touraine.

Deviation from the 2020 Corporate Governance Code

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

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

Conflict of interest

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

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

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mr. Guillaume Boutin declared during the Board of Directors of 20 February 2020 to have a conflict of interest in connection with his performance evaluation for 2019, item on the agenda of that Board meeting.

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

Activities Report of the Board and Committee meetings

In 2020, ten meetings of the Board of Directors were held, five meetings of the Audit & Compliance Committee, nine of the Nomination & Remuneration Committee and two of the Transformation & Innovation Committee.

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

Insider trading and market manipulation (market abuse)

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

Evaluation of the Board

The Board of Directors will decide after the General Shareholders Meeting of 2021 on the organization of a new external evaluation.

Executive Committee

Chief Executive Officer

In its meeting of November 27, 2019, the Board appointed Mr. Guillaume Boutin as new CEO. The CEO is entrusted with day-to-day management and reports to the Board of Directors. The Board has moreover delegated broad powers to the CEO.

The contract of Mr. Guillaume Boutin is a renewable six-year fixed term contract that started on 1 December 2019.

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

Executive Committee members

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

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

The Executive Committee aims to decide by consensus, but in the event of disagreement, the view of the CEO will prevail.

The Executive Committee generally meets on a weekly basis.

In 2020, the Executive Committee, in addition to the CEO, was composed of the following members:

Name	Age	Position
Jim Casteele	49	Chief Consumer Market Officer
Sandrine Dufour[1]	54	Chief Financial Officer
Anne-Sophie Lotgering[2]	46	Chief Enterprise Market Officer
Dirk Lybaert	60	Chief Corporate Affairs Officer and Secretary General
Geert Standaert	50	Chief Technology Officer
Renaud Tilmans	52	Chief Customer Operations Officer
Jan Van Acoleyen	58	Chief Human Resources Officer
Katleen Vandeweyer	51	Chief Financial Officer ad interim
Bart Van Den Meersche[3]	63	Chief Enterprise Market Officer

1 Sandrine Dufour left Proximus on 31 May 2020

2 Anne-Sophie Lotgering joined Proximus on 13 July 2020

3 Bart Van Den Meersche left Proximus on 30 June 2020

Board of Auditors

Composition

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

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

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

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

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

Additional fees paid to the auditors

In accordance with the provisions of article 3:65 §2 of the Belgian Code of Companies and Associations, Proximus declares the supplementary fees that it granted during the 2020 financial year to two auditors, members of the Joint Auditors: Deloitte Auditors SCRL and CDP Petit & Co SRL.

The Group spent an amount of € 239,952.84 during the year 2020 for non-mandate fees for Deloitte Auditors SCRL, the Group's auditors. This amount is detailed as follows:

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

(in €)	Auditor	Network of auditor
Other mandatory audit missions	74,868.50	1,488.73
Tax advice	0	0
Other missions	105,023.20	58,572.41
Total	**179,891.70**	**60,061.14**

The Group also spent an amount of € 1,608.00 during the year 2020 for non-mandate fees paid to CDP Petit & Co SRL. This amount is detailed as follows:

Amount spent by the Group for non-mandate fees for CDP Petit & Co SRL

(in €)	Auditor
Other mandatory audit missions	1,608.00
Tax advice	
Other missions	
Total	**1,608.00**

Members of the Board of Directors

Guillaume Boutin

Mr. Guillaume Boutin has been Chief Executive Officer since 1st December 2019 and presides over the Executive Committee of Proximus. He is a member of the BICS board as well as member of the Proximus Art Board.

Previously, Mr. Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017.

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

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

Stefaan De Clerck

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

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

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

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

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

Karel De Gucht

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

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

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

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

Pierre Demuelenaere

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

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

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

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

Mr. Demuelenaere holds a Civil Engineering degree in Microelectronics from the UCLouvain and received his PhD in Applied Sciences in 1987.

He has received the "2001 Manager of the Year" award and the "2002 Entrepreneur of the Year" award. In 2008, Data News elected him "ICT personality of the year".

Amongst his other activities, in 2018 and 2019, he was Chairman of the Board of Directors and CEO ad interim of EVS Broadcast Equipment. He is also member of the Board of Directors of Guberna and Professor of management at the UCLouvain. He served for 7 years as a director on the Board of BSB, an insurance and banking software company, for 23 years on the Board of Pairi Daiza and for 10 years on the Board of e-capital, a Venture Capital Fund.

Martin De Prycker

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

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

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

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

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

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

Martine Durez

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

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

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

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

Catherine Rutten

Mrs. Catherine Rutten is Vice-President International, Government Affairs & Public Policy at Vertex Pharmaceuticals since 1 July 2020. From September 2013 till end of June 2020 she was CEO of pharma.be, the association of innovative biopharmaceutical companies in Belgium. From 2003 to 2013 she has been Member of the Council of the Belgian Institute for Postal Services and Telecommunications, the Belgian regulator for electronic communications, for the postal market, the electromagnetic spectrum of radio frequencies, and media regulator in the Brussels-Capital Region. Prior to that, she worked as Director Regulatory Affairs at the Belgian branch of BT. She started her career as a lawyer, member of the Brussels Bar, in 1994.

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

Isabelle Santens

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

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

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

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

Joachim Sonne

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

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

Agnès Touraine

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

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

She graduated from Sciences-Po Paris and Columbia University (MBA). She sits on the Boards of Rexel SA, Tarkett SA, GBL, SNCF (since January 2020) and previously Darty Plc as well as Neopost SA. She is also sitting on non-profit organizations board such as The French-American Foundation and IDATE.

Until July 2019 she has been Chairwoman of the Board of Directors of IFA (French Governance Institute).

Catherine Vandenborre

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

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

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

Luc Van den hove

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

Under his guidance imec has grown to an organization with a staff of around 4,000 people, operating with an annual budget of around € 640M (2019) and with offices in Belgium, the Netherlands, US, Japan, Taiwan, China and India.

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

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

Paul Van de Perre

Mr. Paul Van de Perre is co-founder of GIMV (a Venture Capital Firm listed on Euronext) and was formerly a director of Sidmar (Arcelor-Mittal), Thomassen Drijver Verblifa Belgium, Sunparks (a division of Pierre et vacances), Accentis and other companies.

He is currently director of Greenbridge Incubator (University of Ghent), Scientific Investment Board (University of Brussels), Member of Future Lab (a subsidiary of bpost) and member of the Investment Committee of Participatie Maatschappij Vlaanderen (PMV) and Parinsu (Added value to Scale Ups).

Mr. Van de Perre is CEO of Five Financial Solutions (a corporate finance house) and Mabys (a consultant in start ups). He is a member of the advisory Board of several high-tech start-ups such as Mu-Design, Coriotech, Avia-Gis and others. He holds a Master's degree in Economics and several postgraduate degrees.

Members of the Executive Committee

Guillaume Boutin

Mr. Guillaume Boutin has been Chief Executive Officer since 1st December 2019 and presides over the Executive Committee of Proximus. He is a member of the BICS board as well as member of the Proximus Art Board.

Previously, Mr. Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017.

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

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

Jim Casteele

Mr. Jim Casteele is Chief Consumer Market Officer of Proximus since March 1st, 2020. He already assumed this post ad interim on 2 December 2019.

He started his career at Siemens Atea and joined the former Belgacom Group in 1997. Before being appointed as Director Consumer Products & Solutions and Innovation in January 2017, he held several management and director positions within the Proximus Group in various disciplines such as strategy & innovation, product management, partnerships and pricing.

Mr. Casteele holds a degree as Civil Engineer in Electronics (University of Ghent) as well as a degree in General Management (Vlerick Leuven Ghent Management School).

Anne-Sophie Lotgering

Mrs. Anne-Sophie Lotgering is Proximus' Chief Enterprise Market Officer since July 2020.

Previously, she was Chief Marketing and Digital Officer, Customer Marketing and Innovation at Orange Business Services. During her career with the Orange Group, Anne-Sophie held various senior positions in business-to-business sales, marketing and strategy for more than 15 years. She was also General Manager for Central & Eastern Europe at Microsoft Services.

Anne-Sophie is a graduate of the Sorbonne in Paris.

Dirk Lybaert

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

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

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

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

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

Geert Standaert

Mr. Geert Standaert is Chief Technology Officer. He has been a member of the Executive Committee since March 2012. In this function, he currently is responsible for the Network Business Unit, overseeing all Network, Telco Platform & Infrastructure, Service Engineering & Operations for the Group including Carrier & Wholesale activities.

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

Mr. Standaert is also a Board member of Synductis.

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

Renaud Tilmans

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

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

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

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

Jan Van Acoleyen

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

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

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

Katleen Vandeweyer

Mrs. Katleen Vandeweyer assumed the post of Chief Financial Officer ad interim of Proximus on 1 June 2020. She already held this position from 23 September 2019 to 1 December of that year.

Before joining Proximus in 2017 as Group Finance Director, Mrs. Vandeweyer was Chief Financial Officer of Worldline from 2003 to 2017, first of Belgium and the Netherlands, afterwards of the Merchant Services division for Europe. She held several positions as well within Banksys/BCC (before merging into Worldline) as Internal Audit Director and Controller. She started her career at Arthur Andersen as Audit Manager.

She is a non-executive Director at Ageas and a member of the Board of Directors at ConnectImmo.

Mrs. Vandeweyer holds a Master's degree in Applied Economics from the University of Leuven.

Non-financial governance

Living up to the commitment of embedding sustainability in everything we do requires a very well-defined organization across all business units which is steered by Senior Management responsible for Reputation and Sustainability within Corporate Affairs. Thus, for each of the strategic pillars, an owner is appointed within Proximus and clear deliverables and KPIs are set. At the same time, each Business Unit has appointed a sustainability coordinator who manages all sustainability-related projects. Reporting and tracking happen on a monthly basis towards the Executive Committee allowing fact-based discussions and prioritization. Through the CEO Activity Report, achievements are reported bi-monthly towards the Board who also reviews progress on a bi-monthly basis.

Our climate ambitions are through our sustainability pillar fully integrated into our #inspire2022 strategy. The ambition to deliver a net positive contribution to a net zero planet and the roadmap towards it have therefore been presented to and validated by the Board. On a quarterly basis progress is being reviewed as part of the strategic review on our #inspire2022 strategy and its 4th pillar "Act for a green & digital society".

The #inspire2022 strategy ambitions and 2020 achievements can be found in the second chapter. Detailed non-financial figures can be found in the Environmental and Social Statements.

Compliance

Role of compliance at Proximus

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

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

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

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

The Code of Conduct is available on the Compliance section of our corporate website.

Organization of compliance activities

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

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

The Compliance Program

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

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

Because we take business personally, we don't just comply with the law, but we want to ensure every one of our employees is aware of the behaviors to follow and to avoid. Therefore, Proximus adopted its new Code of Conduct in 2016, applicable to all employees. Proximus employees follow mandatory training on the application of the principles of the Code of Conduct.

We have anti-corruption/bribery, conflict of interest and competition policies. Corruption is a threat to business and to society in general. Our anti-corruption procedures are more than a legal obligation and an ethical duty: as a responsible company we take a firm stand against corruption and apply a practice of zero-tolerance. Specific anti-bribery training has been launched this fall 2020 which 94% of the targeted staff already completed.

Fair and open competition between companies and doing business on a level playing field is important to society and contributes to increased welfare for all. Therefore, we support fair and open competition in all our markets, with a competitiveness approach that is based on good products and services at the right price. These policies are all described, along with the responsibilities they engage for our employees, in our Code of Conduct. Firm sanctions and procedures (e.g. whistleblowing procedures) are in place to deal with any issues that might occur. In 2020, we handled 2 whistleblowing cases.

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

Proximus is committed to creating working conditions which promote fair employment practices and where ethical conduct is recognized and valued. We maintain a professional workplace with an inclusive working environment, and we are committed to respecting Belgian legislation and the International Labor Organization's (ILO) fundamental conventions. Proximus recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations. This commitment is reflected in multiple policies and procedures such as the Code of Conduct and the Procurement Policy.

KPIs	Result 2019	Result 2020
Number of cases investigated by the Investigations Department for violation of policies/code of conduct	38	24
Number of whistleblowing cases	7	2

In a nutshell

The following efforts have been done in 2020 in order to improve the visibility of the Group Compliance strategy:

- Mandatory refresh of the Code of Conduct eLearning for all staff
- Launch of a new Anti-Bribery eLearning to targeted staff
- Continuous communication campaigns towards our staff through the intranet, posters, online events (e.g. Data Privacy) concerning information security, privacy, anti-bribery and conflict of interest, …
- Annual updates of policies, procedures given the fast-changing business environment
- Fine-tuning of the data governance tool allowing to document E2E data flows, perform effective data (lifecycle) management and ensure data (quality) by design.

The compliance domains which were the compliance focus areas for 2020 are:

- The Code of Conduct
- Anti-Bribery & Conflict of interests
- Data protection / Privacy
- Information Security
- Business continuity.

Apply high ethical standards

By setting strict sustainability standards throughout our supply chain and by involving our suppliers closely to take meaningful action, we are able to further reduce our carbon footprint and contribute to a better, sustainable world.

Managing the corporate social responsibility risks of our vendors is in our DNA. We therefore push the development of a more sustainable supply chain. This is made possible by our efforts towards the environment, with the Circular Manifesto and it is further made possible by our role in the Joint Audit Cooperation (JAC) and our efforts to improve ESG standards throughout the supply chain.

JAC postponed audits due to COVID-19

We have a leading position in the Joint Audit Cooperation (JAC), a global association of telecom operators aiming to verify, assess and develop CSR practices for its suppliers through risk audits, assessments and scorecards.

As a member of JAC we join 15 other telecom operators, together representing about 50% of worldwide telecom turnover. We make sure audits are performed by third parties on the suppliers' premises. In 2020, because of COVID-19, all audits of JAC had to be postponed. They will be pursued soon.

ESG standards throughout the supply chain

Environmental, social and governance (ESG) standards are increasingly prevalent throughout our supply chain. We are raising our suppliers' social and environmental performance and improving their supply chain management, while also increasing our own efficiency.

We integrate ESG standards into our supplier selection process. By demanding suppliers to fulfil our CSR requirements, not only do we improve our brand image, but we also contribute to the communities in which we and our suppliers operate. The ESG standards are included in all contracts by means of a CSR clause. We also ask our suppliers to participate in an EcoVadis assessment on a recurrent basis.

Regulatory framework

Cable & broadband regulation

The Belgian regulators' decisions of 29 June 2018 on the review of the broadband and TV market analysis have outlined the regulation of Proximus' fibre network and of the cable networks. In terms of pricing, the regulators have imposed a *"fair pricing"*.

In this context, the Belgian regulators adopted, on 26 May 2020, their final decisions on the cable wholesale pricing. The new prices entered into force on 1 July 2020 and the decisions state the need to preserve investment incentives for fibre.

Concerning the wholesale fibre pricing, in a draft decision notified to the European Commission on 26 January 2021, BIPT concludes that the monthly rates that Proximus currently applies to other operators are fair, i.e. they do not exceed the costs of an efficient operator including a reasonable margin and in line with the regulation it set in 2018. BIPT indicated that *"it is essential that wholesale tariffs preserve sufficient economic space for competition as well as the incentive to pursue investments"*. A final decision is expected in the first quarter of 2021.

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

The broadband market analysis of 2018 contains an obligation for Proximus to provide access to end-to-end ducts in the context of FTTH if and where available. In Q2 2019, Proximus presented a reference offer to the BIPT for this type of access. Developments for such product only need to be done when there is effective demand.

The decision of December 2019 on the review of the wholesale provision of high-quality access (leased lines and similar services) market entered force on 1 February 2020. Alternative operators purchase these high-quality access services to connect sites (companies, base stations, interconnection points, etc.) that they cannot reach with their own infrastructure. BIPT has introduced the obligation for Proximus to provide "passive" access to the ducts used for these services. In Q3 2020, Proximus presented to BIPT a reference offer for this type of access. For the various wholesale services, Proximus has to apply a fair pricing (similar to the one imposed for fibre in the broadband market in 2018). Considering that several alternative infrastructures are already present, BIPT foresees a softer regulation in some areas, i.e. no price regulation on active access. The list of areas subject to a lighter regulation will be subject of an annual review based on the criteria defined in the decision. Based on this analysis, new areas might be added or removed from the list.

Radio spectrum

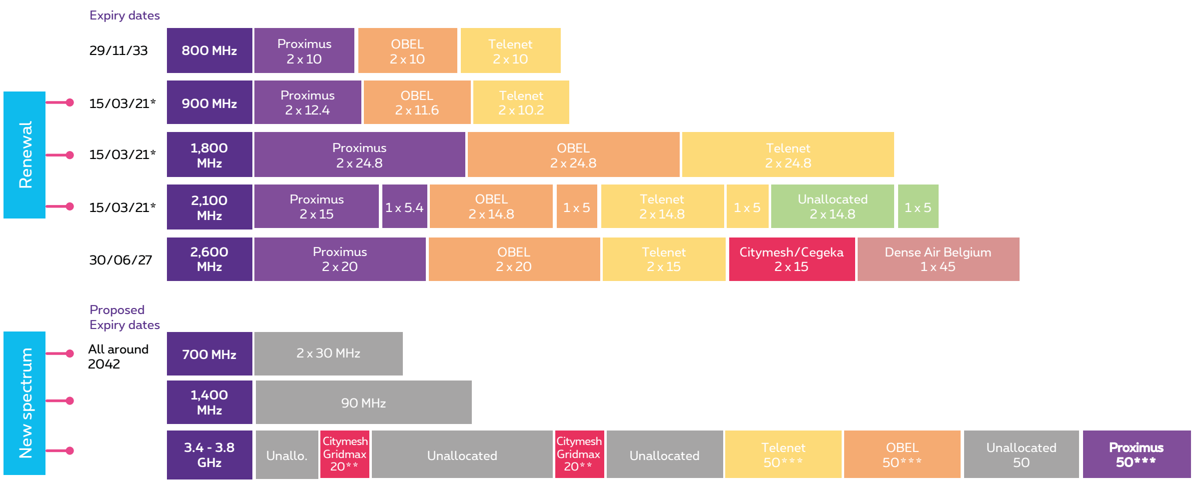
Belgium

Multi-band auction

The multi-band spectrum auction (which should include the renewal of the existing 2G/3G spectrum licenses (900 MHz, 1800 MHz and 2100 MHz) as well as the granting of new 5G spectrum (700 MHz, 1400 MHz and 3500 MHz) is still on hold. The process is ongoing and the auction is expected at the earliest in the second half of 2021, the draft legislations have been approved by the Government on 15 January 2021.

They have to be submitted to the Concertation Committee (CC). The draft law will then submitted to the Parliament approval. The CC asked the federal government to do, prior to approval, an impact study on investments rates, employment and environmental impacts. The final conditions of the future auction remain uncertain for the moment.

Overview of the overall spectrum holdings and the bands to be included in the auctions



* with the possibility to extend these existing licenses by terms of max 6 months until an auction will re-allocate the rights

** 40 MHz locally occupied by Citymesh/Cegeka and Gridmax until 2025 (regional licenses)

*** licenses granted on a temporary basis until an auction will attribute the final rights

BIPT interim measures

In order to allow operators to deploy 5G within the timeframe foreseen by the European Commission, BIPT has taken several interim initiatives.

On 15 June 2020, BIPT granted **temporary licenses in the 3600-3800 MHz band** to five operators: Proximus, Orange, Telenet, Cegeka & Entropia, each operator receiving 40 MHz. After the subsequent drop out of Entropia, BIPT redistributed the spectrum among the other actors on 13 October 2020. Proximus, Orange & Telenet have each been granted a block of 50 MHz TDD and Cegeka received a block of 40 MHz TDD. Cegeka has however released these rights as from 1 January 2021. The licenses of Proximus, Orange & Telenet will run until new rights are granted following the upcoming multiband auction. These operators have the obligation to put their spectrum in service before 1 March 2021. They have to pay a yearly fee of € 105,000 per block of 10 MHz. No unique fee is due and these rights are not subject to any specific coverage obligation. An association of users has appealed the BIPT allocation decision. Mobile operators have joined BIPT's defence ("requête en intervention").

Concerning the current **2G (900 MHz and 1800 MHz) and 3G (2100 MHz)** licenses which expire in March 2021, BIPT launched a consultation on 18 December 2020 on a proposal to extend these licenses by a six-months period (until 14 September 2021). Based on a Royal Decree of 3 December 2020 modifying the 2G/3G existing Royal Decrees and to ensure business continuity, such extensions may be granted until new rights are auctioned. Extensions would be granted at the same current licenses conditions (including financial conditions).

On 22 September 2020, BIPT granted the unsold block of 15 MHz duplex in the **2.6 GHz band** (band originally used for 4G but can also be used for 5G in the future) to Citymesh/Cegeka. Initially it was foreseen to auction this block of unsold spectrum in the future multiband auction. The license duration is 15 years, from 2020 to 2035 for the entire territory. There are no specific coverage conditions associated with the band. Existing mobile operators (Proximus, Orange and Telenet) were excluded from the auction because their current holdings in this band exceed the spectrum cap of 20 MHz duplex. Citymesh/Cegeka also has user rights in the 3.4-3.6 GHz bands.

Luxembourg

In Luxembourg, four bidders have successfully secured 5G spectrum in the auction that took place in mid-July 2020 for 700 MHz and 3,600 MHz frequencies.

Overall, the license holders paid € 41.3 million for their licenses. Usage rights have been granted for an initial period of 15 years and the licenses will be renewable at least once for a period of five years. A number of coverage obligations will apply to the license holders.

	Proximus Luxembourg	Orange Luxembourg	Post Luxembourg	Luxembourg Online SA
700 MHz	2x10 MHz	2x10 MHz	2x10 MHz	-
3600 MHz	100 MHz	110 MHz	110 MHz	10 MHz

International roaming and intra-EU calls

The **"Roam-Like-At-Home"** (RLAH) that completely abolished the roaming surcharges has been applicable since June 2017 within the *"Fair Use Policy"* (FUP) aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU.

The **roaming wholesale prices** have been determined as follows:

€ excl. VAT	2015	30/04/16	15/06/17	2018	2019	2020	2021	2022
Voice call/min	0.05	0.05	0.032	0.032	0.032	0.032	0.032*	0.032*
SMS	0.02	0.02	0.01	0.01	0.01	0.01	0.01*	0.01*
Data/GB	50	50	7.7	6	4.5	3.5	3*	2.5*

* 2021 tariffs and beyond subject to outcome of Commission review

The European Commission is currently conducting a review of the Roaming Regulation. A legislative proposal will follow in the course of 2021. Such legislation could possibly address a.o. the level of wholesale roaming price caps, transparency obligations regarding the quality of service while roaming, measures to ensure seamless and effective access to emergency services, a.o. for persons with disabilities and measures to address permanent roaming for M2M connectivity.

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

Termination rates

In the same context of this new Telecom Code, the EU institutions have agreed new rules concerning caps on wholesale mobile and fixed voice termination. The termination rates are the fees that fixed and mobile operators pay to other fixed and mobile operators to terminate a call on their network.

The Commission adopted on 18 December 2020 a binding decision setting single maximum EU-wide wholesale mobile and fixed termination rates (also referred to as Eurorates). This Act sets a 3-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR). For Belgium, the following rates will be applicable.

MTR	Current	2021	1/1/2022	1/1/2023	As from 1/1/2024
€ct/min	0.99	0.7	0.55	0.4	0.2

FTR	Current	2021	As from 1/1/2022
€ct/min	0.116	0.093	0.07

Traffic originating from outside the EU is subject to the regulated EU-wide wholesale caps in cases where the non-EU termination rates are equal or below the Eurorate.

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union. It shall apply from 1st day of the 3rd month after entry into force.

Coverage and quality of networks

Through its **"Atlas" project**, BIPT publishes detailed information on the coverage and quality of experience of the mobile and fixed networks.

BIPT published the last edition of its mobile maps on 8 January 2021 (status October 2020). These maps enable the customers to verify the coverage of each of the three mobile operators (Telenet/Base, Orange and Proximus), individually or together, on the map of Belgium. The maps show different coverage levels (very good/deep indoor, good/indoor, satisfactory/outdoor). They show that, for 4G, Proximus has the most extensive coverage for all coverage levels, both in terms of territory and population.

These maps are accompanied by a drive test study on quality of user experience offered by the three mobile operators. The study concludes that the performance of mobile networks in Belgium has been stable or has improved, both for voice and data, thanks to advancements in technology as well as investments and optimization by the operators. It highlights that, based on international experience, Belgian mobile operators offer very good quality. For example, Proximus shows excellent results for success rates of call setup, video streaming and Dropbox performance.

For fixed, BIPT continues to publish temporarily aggregated coverage maps of Proximus and the cable operators by different download speeds: 1 Mbps, 10 Mbps, 30 Mbps, 50 Mbps and 100 Mbps. An update of the fixed Atlas is foreseen in 2021.

EU developments

EU Telecom Review

The EU Telecom review, the so-called **"European Electronic Communications Code"** (Code) that was published in the Official Journal of the EU on 17 December 2018 overhauls the previous EU telecoms regulation. This text will determine the regulation of telecommunication networks and services in Europe for the next decade. Member states had until 21 December 2020 to transpose it into national law but Belgium has missed the deadline. A draft law is under preparation and will be submitted to the Parliament in 2021. Some obligations will have an impact on the business (e.g. the prepaid mobile consumers having the facility to claim the residual credit in case of change of operator or the scope of end-users' protection being extend for several provisions to business clients). Concerning the regulatory-technical matters (e.g. numbering, spectrum), the current proposal mostly follows closely the European Code.

Review of the Audio-visual Media Services Directive

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

Digital Markets Act and Digital Services Act

On 15 December 2020, the European Commission unveiled its long-awaited legislation on the digital services sector. The proposal includes two draft Regulations:

- The "Digital Markets Act" introduces obligations upon the biggest online platforms acting as "gatekeepers" to ensure competition in digital markets.
- The new "Digital Services Act" is a revised version of the "e-commerce" directive (dating back to the year 2000) now also addressing the new internet services and defining a common set of rules on intermediaries' obligations and accountability. This draft Regulation follows a gradual approach defining more regulations as the role of the internet intermediary increases (main focus is on very large platforms). The current liability exemption on control of content will remain for internet service providers and hosting providers if they are not involved in the transmitted information.

The current proposals for EU Regulations are the start of a long legislative process, involving the approval by the European Parliament and Council, which can take up to one year or more. Following approval, they will be directly applicable in all Member States, without national implementation.

Remuneration report

The remuneration policies of the Directors and of the Executive Committee are inspired by current legislation, and by the Belgian Corporate Governance Code 2020 ("the 2020 Corporate Governance Code") as well as by the market practices and trends, but also according to the Proximus context, its specific strategies and its ambition to participate in an inclusive, secure, sustainable and prosperous digital Belgium.

Our company is taking particular care to provide relevant and transparent information on the general principles governing its remuneration policy and the level of remuneration of the members of the Board of Directors and of the Executive Committee. The Proximus Remuneration Policy will be submitted to the General Meeting of Shareholders of Proximus on 21 April 2021 and, if approved, will be published on the corporate website of Proximus.

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

Remuneration of the members of the Board of Directors

Structure of the remuneration of the members of the Board of Directors

The principle of continuity with the past has been maintained. The remuneration adopted by the General Assembly of 2004 has remained applicable in 2020 and no substantial change of the policy is expected for the coming years.

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

The CEO is not remunerated for the exercise of his mandate as member of the Board of Directors and of the Committees, nor for any other mandate within the Group subsidiaries Boards of Directors.

The non-executive Directors are remunerated as follows:

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

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

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

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

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

Remuneration granted to the members of the Board of Directors in 2020

The total amount of the remunerations granted in 2020 to all the members of the Board of Directors, Chairman included, is amounting to gross € 1,231,116.

The overview of the individual gross amounts paid out to the Directors in 2020, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

These amounts have been granted based on ten Board meetings and sixteen Committee meetings.

Activities report and attendance to Board and Committee meetings

Name	Board (total 10)	ACC (total 5)	NRC (total 9 *)	TIC (total 2)	Total yearly gross remuneration**
Stefaan De Clerck	10/10	5/5	9/9	2/2	€ 219,116
Guillaume Boutin	10/10				€ 0
Karel De Gucht	10/10			2/2	€ 82,000
Pierre Demuelenaere	10/10	5/5	9/9		€ 109,500
Martin De Prycker	10/10		9/9	2/2	€ 102,000
Martine Durez	10/10		9/9		€ 97,000
Catherine Rutten	10/10	4/5			€ 87,000
Isabelle Santens	10/10				€ 77,000
Joachim Sonne	10/10	5/5			€ 89,500
Agnès Touraine	10/10			2/2	€ 82,000
Catherine Vandenborre	10/10	5/5			€ 102,000
Luc Van den hove	10/10		8/9	2/2	€ 99,500
Paul Van de Perre***	10/10	2/2		1/1	€ 84,500

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

* Including one extraordinary non-remunerated (short) NRC meeting on November 25, 2020.

** Total remuneration:
- gross amounts on a yearly basis
- for all members of the Board, this amount includes the telecom advantage
- for the Chairman of the Board, this amount also includes the benefit in kind related to the use of a company car, which amounted to € 2,616 in 2020

*** Paul Van de Perre: the Board of Directors decided in its meeting of April 29, 2020 to appoint him as member of the TIC and to stop his mandate as member of the ACC on that date.

Global Rewards Program – general vision

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

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

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

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

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

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

Our company also maintains – and modernizes – additional motivational instruments, such as work-life benefits (e.g. sick childcare and hospitalization), wellbeing initiatives and social assistance.

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

Remuneration of the members of the Executive Committee

Decision-making process

The remuneration program of the Executive Committee and the individual remuneration packages are set by the Board of Directors upon recommendations from the Nomination & Remuneration Committee. The individual remuneration packages are defined according to the individual responsibilities, sustained performance and critical skills.

Competitiveness of the remuneration of the Executive Committee

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

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

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

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

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

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

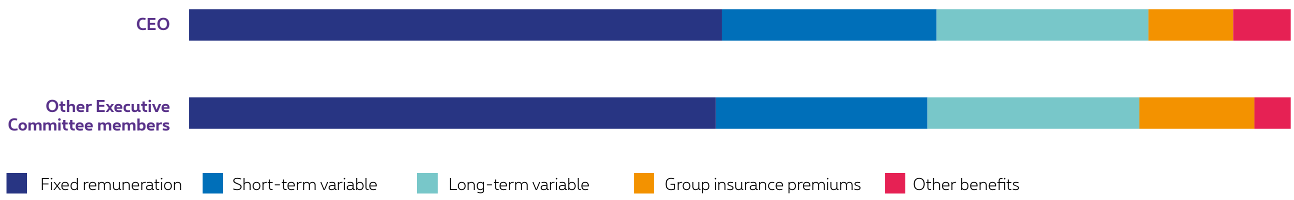
Remuneration structure of the Executive Committee

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

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

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

Relative importance of the various components of the on-target remuneration before employer's social contribution (end 2020)



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

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

Fixed remuneration

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

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

Fixed remuneration in K€ before employer social contribution over 5 years

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

* The amounts reported for 2016 to 2018 were paid to the former CEO, Mrs. Leroy, as for most of 2019 (€ 385 k) while on month in 2019 (€ 44 k) and the amount reported for 2020 were paid to the current CEO, Mr. Boutin.

** The year-to-year variations are mainly resulting from the changes in the composition of the Executive Committee.

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

Short-term variable remuneration

Purpose and components of the short-term variable remuneration

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

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

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

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

Group performance – Key Performance Indicators (KPIs)

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

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

These KPIs are adapted annually in order to reflect at best the year-over-year evolution of our Group's priorities and ambitions. For the sake of confidentiality, the KPIs are only reported a posteriori in this report.

The KPIs at Group level are currently taking into account the following elements:

- the business cash flow and the savings in terms of operational expenditure
- the Digital and Customer Experience, measuring our progresses versus our ambition in these domains
- the number of new customers in voice, fix, internet and TV businesses, as well as the churn reduction
- the value creation in terms of fibre, showing the societal commitment of our company and measuring the progress of the Belgian deployment and coverage, the revenues generated, as well as the activations and the evolution of their cost
- the Employee Experience, measuring on a yearly basis our employees' engagement, agility, accountability and strategic alignment towards our company.

The KPIs at Group level for Performance year 2019 (used as basis for the allocation of short-term variable remuneration in 2020) were as follows:

Performance year 2020 Key Performance Indicators (financial and non-financial)	Weight
Business Cash Flow	30%
Customer Experience	20%
Net Acquisition Value	10%
Fiber Value Creation	10%
Digital	10%
Gross Opex Savings	10%
Employee Experience	10%

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

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

During the first quarter following the involved year, the results at Group level are assessed by the Board of Directors on the basis of a predefined formula taking these KPIs into consideration according to a predefined weight per indicator, as mentioned above.

Individual performance

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

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

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

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

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

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

Short-term variable remuneration allocation

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

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

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

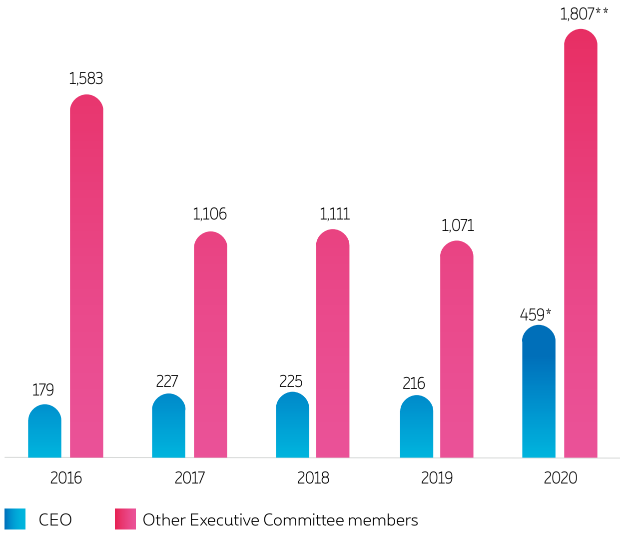
One of the principles of our company's remuneration policy is the degree of freedom for the top management, the CEO and the other members of the Executive Committee included, with regard to the choice of pay out means of their variable remuneration. They therefore get the opportunity to invest part of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

Given Mr. Boutin started his CEO mandate in December 2019, only the short-term variable remuneration allocated to him in the course of 2020 for one month performances in his CEO role is included in the reported allocated amount for 2020. The amount reported in current document as direct and deferred short-term variable remuneration allocated to the CEO is thus mainly related to Mrs. Leroy's previous performances in her CEO role.

In 2020, a short-term variable remuneration has been allocated for the CEO roles for a total amount of gross € 458,833, composed out of gross € 18,833 allocated to Mr. Boutin and gross € 440,000 allocated to Mrs. Leroy. Indeed, upon termination of her mandate, Mrs. Leroy kept her rights in terms of short-term variable remuneration which was due to her for the performance years 2017 to 2019 and which has been paid to her in the course of 2020.

The total short-term variable remuneration effectively allocated in 2020 to the other members of the Executive Committee (2019 performance year) amounts to gross € 1,807,390. This amount includes an exceptional bonus paid to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. This amount also includes the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Executive Committee (before his nomination as CEO).

Short-term variable remuneration in K€ before employer social contribution over 5 years



* The amounts reported for 2016 to 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 includes the amount paid to the current CEO, Mr. Boutin (€ 18,833 gross) but also includes the amount (€ 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019.

** Members of the Executive Committee: the year-to-year variations are mainly resulting from (i) the variations in the Group KPI results, from (ii) the changes in the composition of the Executive Committee and from (iii) the exceptional bonus paid in 2020 to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. The reported amount for 2020 also includes the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Executive Committee (before his nomination as CEO).

Long-term variable remuneration

Purpose and components of the long-term variable remuneration

Our company wants to encourage its Executive Committee, as well as the other members of its top management, to generate sustainable and profitable performance and growth over the long term, in line with our strategy at Group level, our societal ambitions and the expectations of our shareholders and all our other stakeholders.

Our company therefore wants to consistently reward leaders who, over the long term, are real role models, deliver a high level of performance and promote our culture and values.

To ensure sustainable performance, the remuneration policy of our Executive Committee, CEO included, significantly links their variable remuneration to our Group's long-term financial and non-financial strategic objectives.

Long-term variable remuneration allocation

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

The long-term variable remuneration is allocated to the members of the Executive Committee by the Board of Directors upon recommendations made by the Nomination & Remuneration Committee. The long-term incentives plan currently in place is a long-term Performance Value Plan, which has been adopted by our company in 2013 and reviewed in 2019. The amount actually paid after vesting, i.e. after three years, will depend on a final multiplier as described below.

Long-term Performance Value Plan

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

Our Performance Value Plan is based on a balance between the individual and the Group performances. The design of this Performance Value Plan has been reviewed in 2019 further to a benchmark analysis, in order to align it with the market practices and more particularly with the practices of the other European telecommunications companies.

Since 2019, in order to reflect at best the Group's achievements, the following performance criteria are used in the framework of this Performance Value Plan:

- Total Shareholder Return: measured against the respective Total Shareholder Return of a basket of 10 other European telecom operators
- Group free cash flow
- Reputation index reflecting how our customer focus and strategic decisions influence our reputation in the market and thus our long-term sustainability: based on 3 elements being our fairness in the way we do business, our positive influence on the society and how we meet customer needs and measured through the RepTrak® methodology from the Reputation Institute.

Long-term Performance Value Plan KPI	Weight
Total Shareholder Return	40%
Group free cash flow	40%
Reputation index	20%

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

After this blocking period of 3 years, the Performance Values vest and the Performance Values are then paid to the beneficiaries according to the final multiplier resulting from the yearly measurement of the performance criteria. This final multiplier consists in the average of the three yearly multipliers. In case of final multiplier at 100%, the executives get 100% of the long -term variable remuneration originally granted to them.

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

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

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

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross € 1,055,000 in 2019 and to € 916,375 in 2020. This amount includes the amount granted to the current CEO, Mr. Boutin, for his performances in 2019 (11 months) as member of the Executive Committee (before his nomination as CEO).

Long-term variable remuneration granted in K€ before employer social contribution over 5 years

* CEO: former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration. The reported amount for 2020 is related to one-month performances of Mr. Boutin in his CEO role in 2019.

** Members of the Executive Committee: the year-to-year variations are mainly resulting from the changes in the composition of the Executive Committee. The reported amount for 2020 includes the amount granted to the current CEO, Mr. Boutin, for his performances in 2019 (11 months) as member of the Executive Committee (before his nomination as CEO).

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

Group insurance premiums

Complementary pension

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

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

Other group insurances

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

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

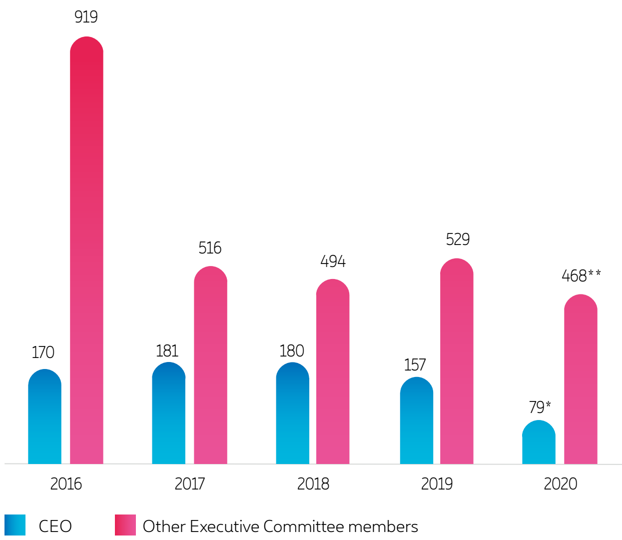
In the event of work incapacity due to illness or private accident, the professional income of the CEO or another member of the Executive Committee is 100% guaranteed for the first three months of the incapacity. As from the fourth month, the disability insurance covers the payment of a disability annuity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

Average premiums cost for the company

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

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

Group insurance premiums in K€ before employer taxes over 5 years



* CEO: the amounts reported for 2016, 2017, 2018 and 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 was paid to the current CEO, Mr. Boutin. The decrease is due to the change of complementary pension plan features with the nomination of current CEO, Mr. Boutin.

** Members of the Executive Committee: the year-to-year variations are mainly resulting from the changes in the composition of the Executive Committee.

Other benefits

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

Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages. The ratio versus the fix remuneration can therefore significantly evolve from a year to another.

This ratio can be estimated to 11% for the CEO. As for the other members of the Executive Committee, the average cost for our company for these other benefits over the last 5 years amounted to about 5 to 7% of their fixed remuneration.

Other benefits in K€ before employer taxes over 5 years

Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages.

* CEO: the amounts reported for 2016, 2017, 2018 and 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 was paid to the current CEO, Mr. Boutin. The increase in 2020 of the Other benefits is mainly due to specific advantages related to the foreign executive status of current CEO.

One-off and exceptional bonuses

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

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

In 2020 an exceptional bonus has been paid to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. This amount is included in the short-term variable remuneration allocated to the other Executive Committee members.

Recovery of undue variable remuneration

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

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

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

Main provisions of the contractual relationships

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

Contractual arrangement with the CEO

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

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

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

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

Main contractual terms of the other Executive Committee members

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

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

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

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

General overview

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

Remuneration overview of the CEO

CEO	2016	2017	2018	2019	2020
Fixed remuneration	€ 505,005	€ 515,108	€ 522,810	€ 429,498	€ 507,492
Short-term variable remuneration	€ 178,875	€ 227,195	€ 225,295	€ 215,661	€ 458,833*
Long-term variable remuneration	€ 0	€ 0	€ 0	€ 0	€ 18,833
Group insurance premiums	€ 169,666	€ 181,243	€ 180,003	€ 157,433	€ 78,550
Other benefits	€ 12,463	€ 13,357	€ 12,438	€ 17,619	€ 55,083
Subtotal (excl. employer's social contribution)	€ 866,009	€ 936,903	€ 940,546	€ 820,211	€ 1,118,791
Termination benefits	€ 0	€ 0	€ 0	€ 0	€ 0
Total (excl. employer's social contribution)	**€ 866,009**	**€ 936,903**	**€ 940,546**	**€ 820,211**	**€ 1,118,791**

* CEO: all amounts reported for 2016 to 2019 were paid to the former CEO, Mrs. Leroy. The short-term variable remuneration amount reported for 2020 includes the amount of a deferred short-term variable remuneration (€ 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019. The contract of current CEO foresees a short-term variable remuneration target amounting to 40% of the fixed remuneration. The decrease in 2020 of the Group insurance premiums is due to the change of complementary pension plan features with the nomination of current CEO. The increase in 2020 of the Other benefits is mainly due to specific advantages related to the foreign executive status of current CEO.

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

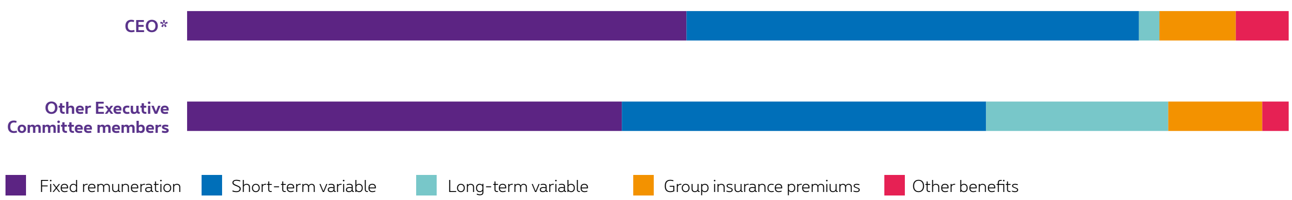
Remuneration overview of the other members of the Executive Committee

Other members of the Executive Committee	2016	2017	2018	2019	2020
Fixed remuneration	€ 2,497,345	€ 2,253,540	€ 2,466,946	€ 2,632,038	€ 2,166,045
Short-term variable remuneration	€ 1,583,327	€ 1,105,537	€ 1,110,745	€ 1,070,733	€ 1,807,390
Long-term variable remuneration	€ 982,000	€ 1,005,000	€ 1,025,000	€ 1,055,000	€ 916,375
Group insurance premiums	€ 919,496	€ 516,193	€ 494,319	€ 529,369	€ 468,275
Other benefits	€ 107,605	€ 108,433	€ 124,172	€ 145,588	€ 135,648
Subtotal (excl, employer's social contribution)	€ 6,089,773	€ 4,988,703	€ 5,221,182	€ 5,432,728	€ 5,493,733
Termination benefits	€ 0	€ 0	€ 0	€ 0	€ 0
Total (excl, employer's social contribution)	**€ 6,089,773**	**€ 4,988,703**	**€ 5,221,182**	**€ 5,432,728**	**€ 5,493,733**

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

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

Relative importance of the various components of the remuneration effectively allocated in 2020 before employer's social contribution



* CEO: the short-term variable remuneration amount reported for 2020 includes the amount of a deferred short-term variable remuneration (€ 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019. The contract of current CEO foresees a short-term variable remuneration target amounting to 40% of the fixed remuneration.

Pay ratio, pay evolution and company performance

Pay ratio

The pay ratio portraying the gap between highest and lowest paid remuneration in the company (Proximus S.A.) on a full-time basis is equal to 26.2 in 2020. This ratio is measured by comparing the highest (the CEO one) and lowest total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions.

Pay evolution

Below table aims at portraying the evolution of the average remuneration on a full-time equivalent basis of the company's employees (other than members of the Board of Directors and of the Executive Committee) between 2016 and 2020.

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

	2016	2017	2018	2019	2020
Average remuneration*	€ 74,503	€ 76,973	€ 77,786	€ 81,802	€ 86,677
Year-over-year evolution		+3%	+1%	+5%	+6%

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

Company performance

Following table shows the company's performance between 2015 and 2020.

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

(€ million)	Underlying revenue		Underlying EBITDA	
2020	5,479	-3.6%	1,836	-1.8%
2019	5,686	-2.1%	1,870	+0.3%
2018	5,807	+0.5%	1,865	+2.3%
2017	5,778	-1.6%	1,823	+1.5%
2016	5,871	-2.1%	1,796	+3.6%
2015	5,994		1,733	

Application of the Remuneration Policy and derogations

Proximus undertakes to remunerate the members of the Board of Directors, the CEO and the other members of the Executive Committee only in accordance with its Remuneration Policy, provided the approval of this Remuneration policy by the General Meeting of Shareholders of Proximus on 21 April 2021.

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

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

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

The Proximus share

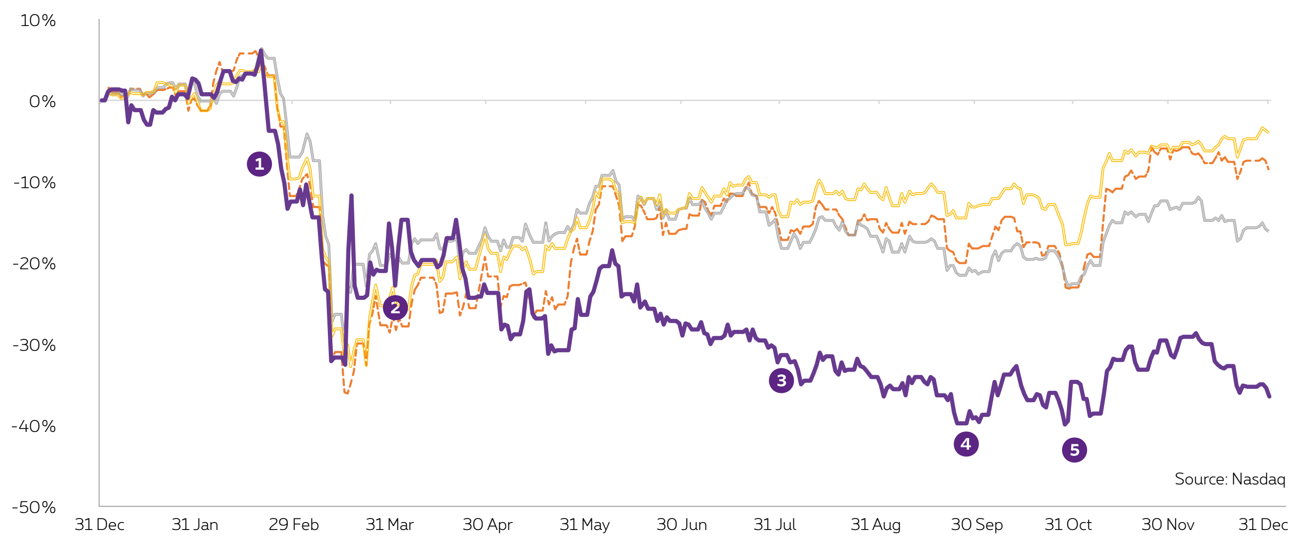
Share listing

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

Proximus share performance in 2020

The Proximus share closed 2020 at € 16.2, -36.5% compared to the last closing price of 2019. In a highly volatile 2020 the Telecom sector was less defensive than anticipated. The sector proved not to be fully immune from COVID-19 headwinds and was in particular affected by lower roaming volumes and lagging B2B revenues. The Telecom sector is in the midst of an important investment cycle, with most European Telecoms engaging in Fiber to the Home roll-outs. Whereas the increasing importance of network access and reliable connections is supportive, there remains uncertainty whether there is a path to sustained revenue growth for the sector. Despite its critical role in supporting a "digital economy", the European Telecom sector (SXKP) was down by -16.1% in 2020, underperforming the broader stock market (SXXP) by -12.0 p.p.

Proximus share price evolution 2020 vs. 3 indices (in %- rebased)



Proximus (PROX-BRU) Belgium BEL-20 (BEL-20-ENX) STOXX Europe 600/Telecommunications (Capped) - SS (SXKP) STOXX Europe 600 (SXXP-STX)

1 **February:** Impact of COVID-19

2 **31-March:** Proximus announced its new strategy incl. accelerated fiber roll-out and dividend reduction to € 1.2

3 **31-July:** Proximus announced broader and faster fiber roll-out with partnerships

4 **30-September:** BIPT proposed to maintain Proximus FTTH wholesale rates

5 **30-October:** announcing strong Q3 results, guidance upgrade and beneficial Mobile vendor selection

Key figures on the Proximus share

Share information	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 IFRS15	2019 IFRS16	2020
Share price high	28.65	29.11	27.64	24.60	23.25	32.29	35.67	31.74	32.81	28.10	28.17	27.12
Share price low	21.67	24.31	21.40	20.80	16.32	20.78	27.93	25.31	26.42	19.31	21.96	15.01
Share price on 31 December	25.32	25.13	24.24	22.21	21.55	30.10	30.00	27.36	27.35	23.62	25.52	16.21
Annual trading volume (number of shares)	181,364,309	138,569,376	148,786,324	142,139,111	189,753,834	178,802,905	179,825,076	157,368,090	147,754,799	169,849,252	168,509,614	206,692,812
Average trading volume per day (number of shares)	708,454	532,959	578,935	555,231	744,133	701,188	702,442	612,327	579,431	650,763	660,822	804,252
Number of outstanding shares	320,614,683	321,482,641	317,648,821	318,321,665	319,204,181	321,230,597	322,003,751	322,637,103	322,638,989	322,703,817	322,982,509	322,690,026
Weighted average number of outstanding shares	320,475,553	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006	322,752,015
Market capitalization on 31 December (€ billion)[1]	8.12	8.08	7.70	7.07	6.88	9.67	9.66	8.83	8.82	7.62	8.24	5.23
Key data per share - on reported basis												
EBITDA	6.14	7.56	5.93	5.62	5.33	5.48	5.12	5.38	5.49	5.56	5.19	5.95
Earnings[2]	2.82	3.94	2.36	2.24	1.98	2.04	1.50	1.62	1.62	1.58	1.16	1.75
Price/earnings on 31 December[3]	8.98	6.37	10.26	9.92	10.9	14.73	20.03	16.86	16.90	15.00	22.09	9.27
Ordinary dividend (gross)[4]	1.68	1.68	1.68	1.68	1.68	1.00	1.00	1.00	1.00	1.00	1.00	0.70
Interim dividend (gross)	0.40	0.50	0.50	0.81	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Gross dividend yield[3]	8.20%	8.70%	9.00%	11.20%	10.10%	4.98%	5.00%	5.48%	5.48%	6.35%	5.88%	7.40%
Key data per share - on underlying basis												
EBITDA	NA	NA	NA	NA	NA	5.15	5.38	5.57	5.65	5.78	5.79	5.69
Earnings	NA	NA	NA	NA	NA	1.85	1.68	1.71	1.72	1.71	1.76	1.75
Price/earnings on 31 December	NA	NA	NA	NA	NA	16.28	17.87	15.96	15.92	13.78	14.51	9.25

1 Calculation based on number of outstanding shares & last closing price of the respective year

2 Corresponds to the Net Income (Group Share) / weighted average number of outstanding shares

3 Based on the last closing price of the respective year

4 Accounting view (not cash view)

Our shareholders

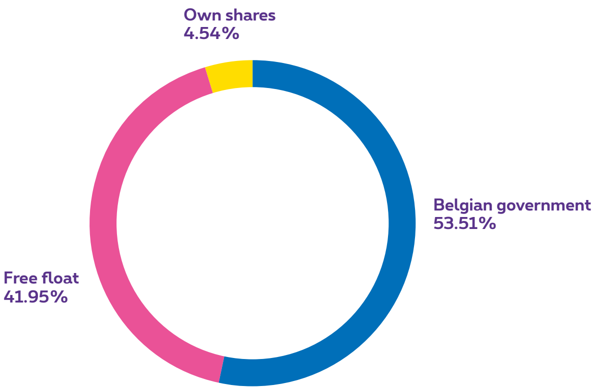
Proximus' main shareholder is the Belgian Government, owning 53.51% of the company's shares. Proximus itself held 4.54% of its own shares end-2020. The free float represented 41.95%, of which about 20% was held by retail shareholders.

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

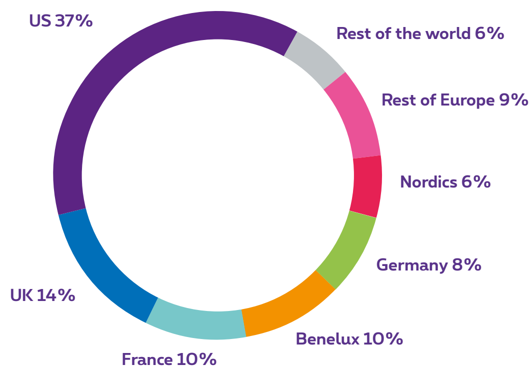
Proximus shares ownership – 31 December 2020

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.06%	55.94%	180,887,569	180,887,569
Proximus own shares	15,335,109	4.54%	0.00%	0.21%	0	693,702
Free-float	141,802,457	41.95%	43.94%	43.85%	141,802,457	141,802,457
Total	**338,025,135**	**100.00%**	**100.00%**	**100.00%**	**322,690,026**	**323,383,728**

Proximus shares ownership



Institutional shares per geography



Source: Shareholder analysis October 2020
% of identified institutional shareholders - Nasdaq

Evolution of treasury shares

End of period 2019	**15,042,626**
Changes through liquidity contract	312,158
Options exercized during 2020	-16,583
Discount Purchase Plan employee	-3,092
End of period 2020	**15,335,109**

End 2020, Proximus held 15,335,109 treasury shares, representing 4.54% of the total number of shares. In the course of 2020, 3,092 treasury shares were used in a Discounted Share Purchase Plan, and 16,583 options were exercised[1].

The voting rights of all treasury shares are suspended by law. Proximus has 14,641,407 treasury shares that are not entitled to dividend rights and 693,702 treasury shares that are entitled to dividend rights.

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

1 For more information, please consult the Remuneration Report

Transparency declarations

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

In 2020, Blackrock Inc. provided notification of the changes in their shareholding in Proximus as listed below.

To Proximus' knowledge, no other shareholder owned 3% or more of Proximus' outstanding shares as on 31 December 2020.

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

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

				Voting rights		Total incl. equivalent financial instruments	
Date on which threshold was crossed	**Notified on**	**Notifier**	**Reason for notification**	**# voting rights after the notified transaction**	**% voting rights in total of 338,025,135 voting rights**	**# voting rights after the notified transaction**	**% voting rights in total of 338,025,135 voting rights**
29/12/2020	30/12/2020	Blackrock Inc.	> 5%	17,031,320	5.04%	17,654,207	5.22%
25/12/2020	29/12/2020	Blackrock Inc.	< 5%	16,697,787	4.94%	17,446,703	5.16%
16/12/2020	18/12/2020	Blackrock Inc.	> 5%	16,908,971	5.00%	17,901,972	5.30%
02/12/2020	03/12/2020	Blackrock Inc.	< 5%	16,180,847	4.79%	17,520,482	5.18%
31/07/2020	03/08/2020	Blackrock Inc.	> 5%	17,268,816	5.11%	18,255,468	5.40%
30/07/2020	31/07/2020	Blackrock Inc.	< 5%	16,874,706	4.99%	17,956,247	5.31%
28/07/2020	29/07/2020	Blackrock Inc.	> 5%	16,910,903	5.00%	18,016,263	5.33%
20/07/2020	21/07/2020	Blackrock Inc.	< 5%	16,645,587	4.92%	17,474,954	5.17%
25/06/2020	26/06/2020	Blackrock Inc.	> 5%	16,971,183	5.02%	17,266,264	5.11%
24/06/2020	25/06/2020	Blackrock Inc.	< 5%	16,878,317	4.99%	17,156,525	5.08%
24/04/2020	27/04/2020	Blackrock Inc.	> 5%	17,059,825	5.05%	17,987,181	5.32%
21/04/2020	22/04/2020	Blackrock Inc.	< 5%	16,910,903	4.98%	17,791,299	5.26%

Shareholder remuneration

Dividend policy

Proximus anticipates a substantial increase in network investments over the coming years, replacing a significant part of its historical copper network with future proof fiber. The elevated investment level is considered as being of exceptional nature and will for a large part be funded by means of an optimized capital structure and by selected asset sales. Committing to an attractive Remuneration Policy for its shareholders, while creating a path towards a return to dividend coverage by FCF, Proximus rebased its annual dividend to a sustainable level. Proximus intends to return over the result of 2020, 2021 and 2022 an annual gross dividend of € 1.2 per share, to be considered as a floor.

On an annual basis, the proposed dividend will be reviewed and submitted to the Board of Directors, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions and may be subject to change in case of unforeseen risks or events outside the company's control.

Dividend over the result 2020

On 25 February 2021, the Board of Directors approved to propose to the Annual General Shareholders' Meeting of 21 April 2021 to return over the result of 2020 a gross dividend of € 1.20 per share, of which € 0.50 interim dividend per share was paid in December 2020.

After approval by the Annual Shareholders' Meeting, the normal dividend of € 0.70 per share will be paid on 30 April 2021, with record date on 29 April 2021 and ex-dividend date on 28 April 2021.

This brings the total declared dividend over the result of 2020 to € 387 million.

Investor relations

Proximus Investor Relations (IR) aims at ensuring open communication with the Belgian and international investment world on a regular basis. Through transparent, consistent dialog with investors and financial analysts, the Group strives for a fair share value based on high-quality financial information.

To keep Proximus' current and potential shareholders informed, Proximus' management speaks to the financial community on a regular basis. Each quarterly results announcement is followed by a conference call or investor/analyst presentation during which maximum time is reserved for a "questions & answers" session.

Throughout 2020 Proximus has organized several roadshows with top management in a virtual mode, following the COVID-19 pandemic. Furthermore, Proximus has participated in several major international investment virtual conferences. In all these activities, management is supported by the Investor Relations team (IR).

The Proximus IR team offers daily support to the retail and institutional shareholders as well as to the sell-side analysts.

A strict quiet period is observed before the communication of the quarterly results. The start of the quiet period is published on the Proximus Investor Relations website.

Financial calendar[2]

12 April 2021	Start of quiet period ahead of Q1 2021 results
21 April 2021	Annual Shareholders' Meeting
30 April 2021	Dividend payment
30 April 2021	Announcement of Q1 2021 results
12 July 2021	Start of quiet period ahead of Q2 2021 results
30 July 2021	Announcement of Q2 2021 results
11 October 2021	Start of quiet period ahead of Q3 2021 results
29 October 2021	Announcement of Q3 2021 results

2 Note that these dates may be subject to change.

Environmental and social statements

Materiality and stakeholder dialogue

Materiality determination

In 2018, we proceeded to a materiality assessment process with external expert assistance, enabling us to further report on the most relevant topics. The assessment concluded in a materiality matrix, which was also validated by our Board of Directors. The process consisted of four steps:

1 External analysis

First an external materiality view was taken not only capturing Proximus' sustainability issues but also the ones of the industry as a whole. A media analysis as well as a peer review and reputation survey were taken into account.

Relevant topics, on which Proximus can have an impact in society were identified. Based upon this subsequently a shortlist could then be validated with internal stakeholders.

2 Internal materiality workshop

We organized a well prepared, semi-structured and facilitated workshop thereby mapping our stakeholders and highly material topics. The workshop included representatives of all the business units, management and support functions of Proximus.

We started from the aforementioned long list of highly material topics and stakeholders obtained in the external analysis, which we then plotted to define those that are truly key.

3 Integrated materiality matrix

The integrated materiality matrix combines the external analysis and the results of the internal materiality workshop into one materiality matrix. It provides a comprehensive overview of the most highly material topics taken from both views.

The combination of the horizontal axis and the vertical axis determines the degree of impact that Proximus has with the topic on society. In a simplification exercise to ensure we direct our strengths where most needed, we decided to focus our actions and reporting on the topics of the upper right quadrant, which are most material for our stakeholders and the impact Proximus can have. The definition of those highly material topics as well as their boundary can be found on the next page.

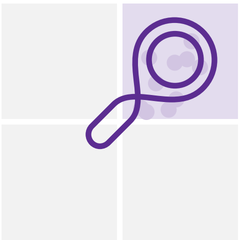
4 Implementation

In 2020, we pursued our actions based on the materiality matrix established in 2018 and made a light review of our material topics based on SASB and our new strategy in order to focus on the topics that are the most relevant today. To reflect better our strategic exercise, the topics "health and safety" and "responsible marketing" were removed from our list of highly material topics. This choice was confirmed by the fact that these topics were located on the lowest border of the upper right quadrant of the matrix 2018. This allows us to focus on a more selected number of material topics. Nevertheless these two topics are still covered and disclosed in our environmental and social statements.

Our next materiality assessment will be held in 2021 and will reassess the relevancy of the material topics with our stakeholders.

Highly material topics

Materiality matrix[1] 2020



1 The matrix on the right represents the upper right quadrant of the overall materiality matrix showing the topics which are most material for stakeholders and the impact Proximus can have.

1 Innovation and sustainable infrastructure

How the company keeps up to date with the newest technologies and includes them within the products and services portfolio. Investments in digital infrastructure and innovation in smart energy, smart mobility, smart cities, smart education, smart buildings, smart health, smart security, etc.

2 Connectivity and digital inclusion

How the company makes sure that its infrastructure is up-to-date and inclusive for all members of the community, as well as ensuring that the connectivity of the customers is at all times at a good level. Further it relates to the digital inclusion of the all layers of the general public.

3 Sustainability, energy & circular economy

How the company plans to reduce energy consumption and how this affects emissions. How the company contributes to the circular economy and deals with waste management, equipment recycling, responsible sourcing and resource efficiency.

4 Business conduct & ethics

Comprises the conduct of business practices in regard to transparency, integrity, corruption, lawsuits and claims. It should include the corporate governance of the company.

5 Privacy & data security

The way the company makes sure that privacy laws are complied with, and that the data of the customers are handled in a secure way. The topic also relates to GDPR and the development of new technologies relating to this topic.

6 Human capital & employee development

How the company deals with its human capital including labor conditions. It includes topics such as: diversity and inclusion, gender, aging population, turn-over, training and development.

7 Digital competitiveness of institutions and companies

How the company is enhancing the competitiveness of institutions, cities and companies in terms of digitalization.

8 Quality products and services

How the company ensures that it delivers top quality products and services to its customers, including safe and healthy products.

9 Pricing and billing transparency

How the company discloses its pricing of its different products and services in a transparent way.

10 Customer relationship

How the company ensures that customers are satisfied. It also includes the impact on the health of these customers and providing them with all necessary information.

11 Sustainable supply chain

The way the company manages its responsibility towards the sustainability practices of its supply chain. Some other topics already involve this issue, however Proximus should also present an overarching approach to manage the impact of its supply chain and address its economic impact.

Correspondence SASB topics/Proximus highly material topics

SASB topics	Proximus highly material topics
Environmental footprint of operations	Sustainability, energy and circularity
Data privacy	Privacy and data security
Data security	Privacy and data security
Product end-of-life management	Sustainability, energy and circularity
Competitive behaviour and open internet	- Business conduct and ethics - Pricing and billing transparency
Managing systemic risks from technology disruptions (system interruptions)	- Innovation and sustainable infrastructure - Digital competitiveness of institutions and companies - Quality products and services

Stakeholder dialogue

We foster the relationship with all our stakeholders. Therefore, we will continue to manage a **solid governance and a clear ethical compass**. Responsibly and respectfully.

First of all, we strive to improve our ESG measures (environmental, social and corporate governance) by defining a clear improvement strategy, setting up clear action plans and integrating them in the long-term incentives for top management.

In order to stay relevant, we want to engage with all stakeholder groups on a more structured and regular basis:

- We involve our stakeholders on a day-to-day basis in what we do to respond to specific demands.
- In 2018, we did a materiality assessment together with external experts. Based on this assessment, we developed a materiality matrix with all our stakeholder groups, which was validated by our Board of Directors. We will repeat this assessment every 3 years. The next one will be held in 2021.
- We have a stakeholder policy to engage with our stakeholder groups through consistent assessment and proactive management based on transparency and dialogue.

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

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

We consider the following groups as our stakeholders: consumer & corporate customers, employees, investors, partners, government & regulatory bodies, press, start-up communities and thought leaders.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2020	Our response
Employees	• To benefit from a safe and flexible work environment. • To receive opportunities and challenges fitted to their ambitions. • To have the possibility of learning the skills they need in a changing employment market. • Guidance on how to adapt to new ways of working. • Proximus to positively contribute to the environment and to society as a whole.	• Every year, we organise multiple surveys, Speak Up, to have a better view on the employee engagement. • We also offer many possibilities for each employee to talk to an HR specialist about their concerns.	• More open and transparent communication. • Leadership closer to the employees and strategic alignment. • Stronger customer focus.	• Three employee surveys to have a better view on employee engagement and the concerns linked to the COVID-19 crisis. It allows us to better tailor our support and to deploy specific action plans. • During the COVID-19 crisis, we reached out more often to our employees to inform, reassure and motivate them. • We communicated our strategic ambitions to all employees during a digital event. • Re-skilling and up-skilling in key domains and internal mobility is fostered through job rotation. • Homeworking has been extended to 3 days/ week for employees whose job allows it.
Residential customers and small businesses	• To receive high-quality products and services at a fair price. • To always be up to date on the latest trends in terms of connectivity and an effortless user experience. • To have unfiltered access to the digital world. • They expect Proximus to play its role as a key player in Belgium and to contribute to the society they live in.	• Including our customers in our operations is key for us to respond the best we can to their needs. We thus set up ways to continuously co-create with customers through design thinking sessions and focus groups. Our "Voice of the Customer" project allows us to track customer feedback and act on it swiftly.	• Stay connected with family and friends during the COVID-19 crisis and be able to work, study or run a business from home. • Have relevant and differentiating customer solutions. • Have seamless and frictionless digital experiences. • Enjoy great network quality with high reliability.	• Numerous initiatives during COVID-19 crisis to enable our customers to stay connected. • Launch of Flex, modular packs for families. • Launch of Business Flex, modular packs for small business, including personalized servicing accessible via MyProximus. • Further enriching our digital platforms Pickx and MyProximus with new features, hardware (Android settop box, Apple TV) and partners (Disney+, Streamz, Eleven). • Improved digital customer interactions. • Improved customer service through multi-disciplinary teams. • Accelerated roll-out of fiber and launch of 5G.
Enterprise customers	• Proximus to show leadership, ownership and partnership, a perfect mixture of guiding them, taking care of them, and working with them. • That Proximus not only serve their connectivity and ICT needs, but also is the trusted partner in their digital transformation, thus helping them serve their own customers better. • A personalized and high-quality service.	• Next to our regular interaction through our account managers, contact centers, digital channel and indirect partner channel, we also engage with our customers through regular surveys, feedback meetings as well as Voice of the Customer forums and advisory boards. Through these different fora we aim to capture feedback regarding their customer experience, our strategy and development roadmap, their digital transformation needs and how we can support them with our newest technologies.	• The focus was clearly to keep their business up and running during the COVID-19 crisis, with challenges on teleworking, rethinking telephony, investing in cloud and web portals, and reviewing the physical workspace.	• Vertical customer segmentation to understand our customers' context better and tailor our portfolio & services to their needs. • Proximus Accelerators to help customers in many aspects of the digital transformation journey. • Continued focus on projects that increase the customer experience in their key journey's with Proximus (both physical & digital). • Accelerated roll-out of fiber and launch of 5G. • Building ecosystems with our partners and customers to create innovative solutions for business and societal challenges.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2020	Our response
Government & regulators	• To comply with all rules and regulations in place in Belgium, Europe & internationally. • To respect business ethics. • As a Belgian and partly state-owned company, that we play a role in developing the digital society and economy of tomorrow through investments and involvement. This includes contributing to society and a greener environment.	• We proactively & regularly engage with our government representatives and regulators through business associations such as Agoria, the European Telecommunications Network Operators' Association (ETNO), GSMA, etc. • We maintain regular interactions with politicians and representatives to develop partnerships (for example to increase coverage in white zones).	• Proximus' regulation extended from its copper to its fiber network in 2018. The implementation is ongoing (fibre pricing and reference offers). • Implementation of new obligations for Proximus high quality business access market. • Timing and final conditions of spectrum auction remain uncertain. Interim measures were taken by authorities (temporary licenses) and new legislation to extend current 2G and 3G licenses until new spectrum rights are auctioned. • Regions planning to invest in parallel networks. • Preparation of transposition of new EU Code and Media directive has been initiated. • New Eurorates for fixed and mobile termination adopted by EU Commission and proposal to regulate (large) Internet players introduced by EU Commission.	• We advocate our position towards the relevant authorities, we ensure timely compliance with new rules and the business responds with adequate commercial actions to imposition of new obligations.
Investors	• A transparent, accurate and consistent communication and insights on the market we operate in. • Clear information on our achievements, our strategy and ambitions going forward and short to mid-term perspectives. • Information on how we expect to create value and timely accurate updates. • The necessary access to top management and the opportunity to receive clarification and ask questions.	• We organized several roadshows with top management in a virtual mode, following the COVID-19 pandemic. • We participated in several virtual sector conferences, IR-only roadshows, reverse roadshows and conference calls. • We spoke to many institutional investors, mainly through virtual meetings. • We organized our yearly general assembly where all investors are invited.	• Competitive environment and the impact on Proximus. • Regulatory related topics such as international calling prices, cable and fiber wholesale pricing. • The impact of COVID-19 on the Proximus financials. • The fiber strategy, impact of partnering and overbuild risk. • Competition in the Belgian market and potential changes to the competitive landscape. • Growth potential Consumer market, transformation in Enterprise and the potential to reduce costs going forward.	• A detailed disclosure allows investors to get insight in Proximus' achievements in the Belgian market through the publication of several KPIs on the main products. Also, the evolution of pricing is clearly communicated. • We organized a Capital Market Day during which we disclosed and explained our strategy over the next years. We disclosed the estimated financial impact of COVID-19 and the main drivers. • The quarterly presentations addressed the hot topics in the market such as updates on COVID-19 and information on the fiber project.
Suppliers	• That we fulfil our long-term commitment and uphold our end of the deal. • That we offer transparent contract conditions with fair pricing conditions.	• We consider our suppliers as very impactful and we engage with them through regular audits to ensure they follow our CSR and ethical principles.	• Proximus aims to have 75% of its suppliers with a positive CSR rating (assessments and audits) till 2025. • Work together with our suppliers to reduce our carbon footprint and produce more circular products.	• In 2020, 92% of suppliers screened on human rights and environmental risks had a positive score.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2020	Our response
Society at large	• High quality networks and digital opportunities. • That we have a positive impact on Belgian society. • That we care for their data, are ethical and contribute to society while respecting the environment. • That we develop products and services to live better and work smarter.	• Every quarter, we evaluate our performance on key markers in a survey of the general public in Belgium. • We work with various Belgian NGOs and associations to address societal needs. • We focus on contributing to digital education for all and to become a truly circular company with a net positive contribution. • We provide solutions to let our stakeholders accelerate towards circularity as well.	• The impact of electromagnetic waves, especially with the launch of 5G. • They want Proximus to communicate more clearly and to ensure their data is treated in the right manner. • People are concerned about the skills needed to be part of the digital world. • An important societal topic was the environment, with more and more voices being heard demanding action from companies like Proximus.	• We offer clear information and advice on our website on the risks of electromagnetic waves, in particular about 5G. • We have strict rules and guidelines around data privacy and comply with the newest laws. We also acquire ISO certifications on the subject. • We contribute to society and the digital inclusion by partnering with organizations such as MolenGeek or school "19", by our own programs like diggit, as well as by re-skilling our workforce. • We have a solid green strategy, with the ambition to become a truly circular company and have a net positive contribution. This ambition is served by strategic tracks & squads dedicated to the matter.

Social statement

Scope of the social statement

The scope of this statement is limited to the activity of Proximus S.A., unless stated otherwise. It does not include activities linked to our Belgian affiliates. The numbers are expressed in FTE unless stated otherwise. Full year data are reported. The non-financial indicators assured by our external auditors are indicated by a tick mark (limited assurance).

S1: Workforce

	Unit	2017	2018	2019	2020	Notes	External audit
Total number of employees (FTE) for the Proximus Group	**Number**	**13,391**	**13,385**	**12,931**	**11,423**		
BICS	Number	747	727	789	893		
Proximus Group excl BICS	Number	12,644	12,658	12,143	10,530		
Total number of employees and workers (FTE)	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**	**S1.1**	
Employees	Number	10,330.8	10,168.1	9,651.6	8,180.3		
Workers	Number	1,149.8	1,001.6	904.6	643.7		
Total number of employees (FTE) by gender	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**		
Male	Number	8,068.8	7,794.2	7,323.5	6,194.5		
Female	Number	3,411.8	3,375.5	3,232.7	2,629.5		
Total number of employees (FTE) per level	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**	**S1.2**	
Top management	Number	160.5	162.3	153.5	164		
Female	Number	32	34.5	35.5	39		
Male	Number	128.5	127.8	118	125		
Senior management	Number	877.3	905.2	914.8	899.4		
Female	Number	212.2	225.2	234	239.4		
Male	Number	665.1	680	680.8	660		
Middle management	Number	2,133.5	2,154.4	2,171.7	2,060.9		
Female	Number	543.5	566.3	577.2	571.1		
Male	Number	1,590	1,588.1	1,594.5	1,489.8		
Lower management	Number	675.8	662.5	605.7	539.2		
Female	Number	245.8	250.8	235.2	209.2		
Male	Number	430	411.7	370.5	330		
Sales	Number	1,667.3	1,605.5	1,516.6	1,123.1		
Female	Number	726.7	693.1	643	435		
Male	Number	940.6	912.4	873.6	688.1		
Employees	Number	5,966.3	5,679.8	5,194	4,037.5		
Female	Number	1,651.7	1,605.6	1,507.8	1,135.9		
Male	Number	4,314.6	4,074.2	3686.1	2,901.6		

	Unit	2017	2018	2019	2020	Notes	External audit
Total number of employees (FTE) by employment contract and by gender and by region	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**	**S1.3**	
Defined duration	Number	161	184	164.8	131.8		
Female	Number	64	84	58.8	65.8		
Male	Number	97	100	106	66		
Brussels	Number	54	51	37.8	28.8		
Flanders	Number	70	83	68	77		
Wallonia	Number	37	50	59	26		
Replacement contract	Number	35	1	0	0		
Female	Number	9	0	0	0		
Male	Number	26	1	0	0		
Brussels	Number	8	0	0	0		
Flanders	Number	19	0	0	0		
Wallonia	Number	8	1	0	0		
Statutory	Number	3,746.9	3,238.6	2,768.8	1,879.1		
Female	Number	690	600.2	512.6	336.6		
Male	Number	3,056.9	2,638.4	2,256.6	1,542.5		
Brussels	Number	1,589.8	1,372.5	1,226.1	955.3		
Flanders	Number	1,096.9	954.1	779.3	424.5		
Wallonia	Number	1,060.2	912	763.4	499.3		
Undefined duration	Number	7,537.7	7,746	7,622.6	6,813.1		
Female	Number	2,648.8	2,691.2	2,661.5	2,227.1		
Male	Number	4,888.9	5,054.8	4,961.1	4,586		
Brussels	Number	5,005.1	5,021.2	4,956.8	4,551.2		
Flanders	Number	1,217.4	1,341.5	1,312.1	1,127.4		
Wallonia	Number	1,315.3	1,383.4	1,353.7	1,134.6		
Total number of employees (FTE) by language	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**		
Dutch	Number	6,170.7	5,982.7	5,625.4	4,717.5		
French	Number	5,278.6	5,155.5	4,900.4	4,088.7		
German	Number	31.3	31.5	30.4	17.8		
Total number of employees (FTE) by age group	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**	**S1.4**	
Under 30	Number	899,2	1,005.3	861.3	838.9		
30-50	Number	6,321.9	6,222.1	5,917.9	5,038.4		
Over 50	Number	4,259.6	3,942.3	3,777.1	2,946.8		
Total number of employees (FTE) by employment type, by gender	**Number**	**11,480.6**	**11,169.7**	**10,556.2**	**8,824**		
Full time	Number	9,578.4	9,362.8	9,125.9	8,093.7		
Female	Number	2,524.6	2,541.8	2,499.6	2,202.3		
Male	Number	7,053.8	6,821	6,626.3	5,891.4		
Part time	Number	1,902.2	1,806.9	1,430.3	730.3		
Female	Number	887.2	833.7	733.1	427.2		
Male	Number	1,015	973.2	697.2	303.1		
Percentage of total employees covered by collective bargaining agreements	**%**	**98.5**	**98.5**	**98.5**	**98.5**	**S1.5**	

Definitions

- **Proximus Group:** Proximus SA and its subsidiaries form the Proximus Group
- **Workforce:** number of active employees on Proximus SA payroll at the end of the period. Those numbers include part-time and defined duration/replacement contract employees, but exclude employees with a dormant contract, long-term illness, students and sub-contractors.
- **Workers:** workers perform mainly manual work.
- **Employees:** employees perform mainly intellectual work.
- **Full time equivalent:** the FTE of an employee is calculated by dividing the actual working hours of this employee by the total working hours of a full-time employee at the end of the reporting period.
- **Statutory employee:** any employee who is permanently appointed to a grade by the appointing authority of Proximus.
- **New hires:** number of employees (FTEs) hired during the reporting period.
  The rate is calculated by dividing the number of hired employees (FTEs) during the reporting period by the number of employees (FTEs) at the end of the reporting period.
  It is the number of new entries over the reporting period, divided by the total number of employees working in that category at the end of the reporting period. E.g.: (Number of new female hires within the reporting period/Number of women working at Proximus SA/NV by end of the reporting period)*100.
- **Collective bargaining agreements:** the Collective Agreement refers to an agreement between Proximus and its social partners (the three Representative Union Organisations). A Collective Agreement (CA) consists of various topics, divided into four main pillars for the active employees: generic, well-being, employment (working conditions) and quantitative (compensation & benefits). The measures applicable to the non-active population, are classified into a fifth main pillar. Some measures are strictly limited to the duration of the Collective Agreement period, while some cover a longer period and others have a recurring effect. Negotiations about a CA are driven by a list of requirements drafted by the representative unions. The Collective Agreement 2019-2020 was unanimously approved by the Joint Committee of October 15th 2020.

Qualitative explanation

- **S1.1** Our transformation plan, agreed end 2019 and implemented in 2020, has led to a decrease of the number of employees in 2020.
- **S1.2** Our transformation plan covered certain activity domains. Within each domain, all levels of employees were affected by the plan.
- **S1.3** The number of statutory employees (FTEs) is decreasing each year because in 1996 Proximus has stopped recruiting persons with a statutory contract. Since the statutory members belong to the older age groups and naturally evolving towards retirement. In addition part of them were eligible for the transformation plan.
- **S1.4** The decrease of number of employees (FTEs) in the age group above 50 is higher than in the other age groups in 2020 vs 2019 because of the combined effect of the transformation plan and legal retirement.
- **S1.5** All employees are covered by the collective bargaining agreements except the executive and the senior management. Proximus' collective bargaining agreements cover systematically two years: 2017-2018 and 2019-2020.

S2: Well-being, satisfaction and retention

	Unit	2017	2018	2019	2020	Notes	External audit
Results of employee engagement survey	**Average score**	**72.3%**	**72.7%**	**56%**	**71.5%**	**S2.1**	
Total number and rate of employee turnover (FTE) during the reporting period, by gender and age group	**% (Number)**	**6.9% (789.4)**	**6.6% (738.7)**	**7.6% (807)**	**24.7% (2,179.7)**	**S2.2**	
Female	% (Number)	5.3% (181.2)	4.9% (166.2)	6.5% (208.5)	30.5% (803.3)		
Male	% (Number)	7.5% (608.2)	7.4% (572.5)	8.2% (598.5)	22.2% (1,376.4)		
Under 30	% (Number)	11.9% (116.7)	9.5% (96.1)	14.8% (128.1)	20.1% (168.9)		
30-50	% (Number)	2.1% (135.7)	2.1% (119.9)	3.2% (189.1)	16.1% (810.7)		
Over 50	% (Number)	13% (537)	12.1% (522.7)	13% (489.8)	40.7% (1,200)		
Total number and rate of new employee hires (FTE) during the reporting period, by gender and age group	**% (Number)**	**3.4% (390.3)**	**4.9% (548)**	**2.9% (308.8)**	**5.2% (458.9)**	**S2.3**	
Female	% (Number)	4.1% (139)	5.2% (177)	3.1% (101.8)	6.2% (161.9)		
Male	% (Number)	3.1% (251.3)	4.8% (371)	2.8% (207)	4.8% (297)		
Under 30	% (Number)	25.2% (247)	33.2% (341)	18.8% (162)	32.9% (276)		
30-50	% (Number)	2% (129.3)	3.2% (201)	2.3% (133.5)	3.5% (175.9)		
Over 50	% (Number)	0.3% (14)	15% (6)	0.4% (13.3)	0.2% (7)		
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	**Number**	**349**	**351**	**340**	**537**	**S2.4**	
Female	Number	172	184	181	261		
Male	Number	177	167	159	276		
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	**Number**	**332**	**330**	**342**	**274**		
Female	Number	171	166	180	136		
Male	Number	161	164	162	138		
Return to work and retention rates of employees that took parental leave, by gender	**%**						
Return to work	%	**97.8%**	**98%**	**95.2%**	**88.6%**		
Female	%	97.7%	97.9%	95.8%	85.6%		
Male	%	97.8%	98.2%	94.6%	91.7%		
Retention rates	%	**94.9%**	**92.4%**	**95.5%**	**76.8%**		
Female	%	96.1%	94.3%	95.7%	72%		
Male	%	93.6%	90.6%	95.3%	82.1%		

Definitions

- **Turnover:** the number of employees (FTEs) who left the company during the reporting period; this number includes all kinds of leaves (voluntary or not, end of contract, pension). The rate is calculated by dividing the number of leavers (FTEs) during the reporting period by the number of employees (FTEs) at the end of the reporting period.
- **Return to work rate:** calculation: Total number of employees that did return to work after parental leave/ Total number of employees due to return to work after taking parental leave*100. Expressed in headcount, not in FTE.
- **Retention rate:** calculation: Total number of employees retained 12 months after returning to work following a period of parental leave/ Total number of employees returning from parental leave in the prior reporting period(s)*100.

Qualitative explanation

- **S2.1** We have taken many initiatives in 2020 to improve the employee engagement. Most important ones are the initiatives to improve the connection with the Proximus strategy, with the customer and connection of the management with the employees. Targeted initiatives were taken to support our employees to deal with the challenges caused by the COVID-19 pandemic. All the initiatives we took were inspired by the input of our employees via three surveys that we held. We also launched an internal campaign to facilitate bonding among employees.
- **S2.2** Proximus' transformation plan, agreed end 2019 and implemented in 2020, has led to a decrease of the number of employees in 2020.
- **S2.3** Number of new hires increased in 2020 vs 2019. In 2020, we did also additionnal targeted hirings in critical domains: more than 200 employees in domains of the future for roles such as data analysts,UX designers, IT analyst and enterprise architects.
- **S2.4** In 2020, a high number of employees took parental leave. 2020, 2,947.7 employees (FTEs) were entitled to parental leave (919.5 women and 2,028.2 men) of which 570.4 took parental leave (268.1 women and 302.3 men). In 2019, 3,176.5 employees were entitled to parental leave (998.5 women and 2,178 men) and 387.2 took parental leave (194.7 women and 192.5 men). Due to the Corona pandemic, more people took parental leave in 2020 than in 2019. Moreover, employees who needed it could also take the Corona parental leave introduced by the Belgian government in 2020, without specific approval needed from Proximus.

S3: Training and development

	Unit	2017	2018	2019	2020	Notes	External audit
Total number of internal moves (function changes) during the reporting period	**Number**	**1,177**	**983**	**519**	**2,146**	**S3.1**	
Average hours of training that the organization's employees (FTEs) have undertaken during the reporting period, by gender and employee category (in hours)	**Hours**	**22**	**24**	**39**	**39.5**	**S3.2**	
Female	Hours	24	23	30	34.5		
Male	Hours	21	24	42	41.7		
Executive	Hours	23	35	37	26.1		
Senior management	Hours	27	28	38	32.3		
Middle management	Hours	24	24	38	30.3		
Lower management	Hours	32	25	41	30.8		
Employees	Hours	19	22	39	46.5		

Definitions

- **Training hours:** average hours of training that the organization's employees (FTEs) have undertaken during the reporting period.
- **Internal moves:** the number of employees (FTEs) who have changed function during the reporting period.

Qualitative explanation

- **S3.1** In 2020, 2,146 employees changed jobs internally vs 519 employees in 2019. We encourage internal mobility, as we want to ensure that all employees benefit from continuous learning and do a job that matches their talents. Together with our transformation plan, agreed end 2019 and implemented in 2020, this led to an exceptional high number of internal job changes in 2020.
- **S3.2** The average training hours per employee in 2020 is aligned with our internal ambitions. Furthermore, in 2020, we invested € 34.45 Mio in training vs € 34 Mio in 2019.

S4: Safety

	Unit	2017	2018	2019	2020	Notes	External audit
Safety figures by gender (Proximus Group)						**S4.1**	
Injury rate (IR)	Rate	0.000006	0.000007	0.000007	0.000008		
Female	Rate	0.000006	0.000005	0.000008	0.000002		
Male	Rate	0.000009	0.000008	0.00001	0.00001		
Occupational disease rate (ODR)	Rate	0.0000003	0.0000003	0.0000007	0.0000005		
Female	Rate	0.0000004	0	0	0.0000002		
Male	Rate	0.0000003	0.0000004	0.000001	0.0000006		
Lost day rate (LDR)	Rate	0.0004	0.0003	0.0001	0.0002		
Female	Rate	0.0002	0.0002	0.0001	0.000004		
Male	Rate	0.0004	0.0004	0.0001	0.0002		
Absentee rate (AR)	%	7.5%	7.7%	7.9%	6.3%		
Female	%	10.5%	10.8%	11.6%	8.2%		
Male	%	6.2%	6.3%	6.2%	5.5%		
Work-related fatalities	Number						
Female	Number	0	0	0	0		
Male	Number	0	0	0	0		
Injury rate (IR) and work-related fatalities for all workers (excluding employees) whose work, or workplace, is controlled by Proximus Group	**Number**					**S4.2**	
Injury rate	Number	3	2	28	15		
Work-related fatalities	Number	0	0	0	0		

Definitions

- **Injury rate (IR):** frequency of injuries, relative to the total time worked by all workers during the reporting period. Calculation: number of injuries in Proximus Group/total number of hours scheduled to be worked by Proximus Group employees.
- **Occupational disease rate (ODR):** frequency of occupational diseases (disease arising from a work situation or activity, or from a work-related injury) relative to the total time worked by all workers during the reporting period. Calculation: number of occupational diseases/ total number of hours scheduled to be worked by Proximus Group employees.
- **Lost day rate (LDR):** impact of occupational diseases and accidents as reflected in time off work taken by the affected workers. A lost day is defined as time ("days") that cannot be worked (and are thus "lost") because of a worker or workers being unable to perform their usual tasks due of an occupational disease or accident. Calculation: total number of lost days (due to occupational disease or accident)/total number of hours scheduled to be worked by Proximus Group employees
- **Absentee rate (AR):** measure of actual absentee days lost, expressed as the number of sick days divided by the number of theoretical working days, taking into account, by definition, the scheduled working hours of the person. An absentee is an employee who is absent from work because of taking a sick day (with or without attestation), excluding work accidents and pregnancy. Calculation example for female employees: (sum of all sick days registered amongst female employees/ sum of all the theoretical working days amongst female employees)*100.

Qualitative explanation

S4.1 and S4.2:

The lower absentee rate in 2020, compared with 2019, can be explained by:

- The impact of the early leave plan and the transformation plan: we observed that concerned employees were absent more frequently than the Proximus average.
- Very quickly, in early March, Proximus took strict measures to manage the COVID-19 pandemic and continued to strictly apply the safety and health guidelines in the following months. Our fast and decisive approach limited the illnesses during the peak of the yearly flu epidemy and the illnesses due to COVID-19 in Q1 2020. Strict compliance to the guidelines was also likely to have an impact on the low shortterm illness rates observed in the following quarters of 2020.

We observed a stable injury rate in 2020 compare with the previous years. The frequency of diseases arising from a work situation or activity, or from a work-related injury, increased slightly vs 2019.

We are committed to ensuring that every employee can work in a safe and healthy way and to ensuring well-being on the work floor. Our safety and safety and preventions programs aim to reduce injuries, work-related diseases and absenteeism.

The **department for Prevention and Protection** (CPP) is the driving force behind Proximus' wellbeing activities. It defines a common wellbeing policy and gives advice on all issues surrounding this topic. All products, goods and services at Proximus need to meet the "wellbeing at work" standards.

The **Wellbeing Committee** deals with the elaboration and follow-up of the prevention and protection plans and handles aspects such as risk analysis of workplaces, medical surveillance, personal protective equipment, fire safety measures to protect workers and the evaluation and resolution of psychological risks and issues. Additionally, local wellbeing committees discuss topics such as accidents at work, local prevention matters or respect of safety instructions.

In 2020, following the outbreak of the **COVID-19** pandemic we immediately took action: we drew up safety protocols, set up a 0800 hotline and mailbox as well as implemented prevention and protection measures (plexiglass walls, reinforced ventilation, face masks, alcohol-based gel and face shields) to enable our workers and employees to work safely within the Proximus facilities . We set up the "Connect project" to create regular digital contact moments between team leaders and their team members. We put in place an adapted psychosocial support program for people suffering from the COVID-19 disease and for employees spending long time isolated in homeworking situations. During the corona crisis we set up our own track and trace COVID-19 team in collaboration with our medical partner Cohezio.

We have an occupational **medical surveillance program** for workers who are exposed to occupational risks. This program was adapted according to corona rules (most medical checks where done by phone).

In 2020, we implemented our **Global Prevention Plan** by conducting a risk analysis, taking the necessary prevention and protection measures to reduce work-related accidents, as well as communicating safety instructions to employees and the VCO/VCA rules for operational departments. We also conducted a risk analysis of the HVAC equipment at Proximus, a risk analysis of our inside telecom technicians, a psychosocial analysis of different departments, and a fire safety analysis of different buildings and installations. In addition, we organized training on firefighting and BA4/BA5 training for working safely on electrical installations.

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

S5: Responsible marketing

	Unit	2017	2018	2019	2020	Notes	External audit
Number of # complaints from JEP' (# of which justified)	Number (number)	5 (0)	7 (2)	2 (1)	1 (0)	S5.1	

Definitions

- **Responsible marketing:** responsible marketing is about building trust between Proximus and its customers
- **JEP:** the Jury on Ethical Practices in Advertising.

Qualitative explanation

S5.1 We received one complaint from the Jury on Ethical Practices which was not justified.

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

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

We want to actively protect our mobile postpaid customers from bill shocks. That's why we offer Mobilus and Mobile Flex Full Control, which ensures customers can control their budgets. Customers subscribing to our new Flex packs with mobile can surf out of bundle at no extra cost, only with a reduced speed.

On the MyProximus app, mobile postpaid customers can keep track of their usage on calls, text messages and data. We also send them alerts about their current in-bundle and out-of bundle usage, and we inform them of the possibility to buy additional one-shot data bundles or, for Mobiles in our Flex packs, a data boost to surf at normal speed when reaching the end of the bundle. In addition, we proactively contact customers with regular out-of-bundle usage to suggest better tailored plans.

S6: Sponsoring

	Unit	2017	2018	2019	2020	Notes	External audit
Unique reach of music, culture & sports content enabled by the sponsoring partners on our social media channels	Number	N.A.	N.A.	N.A.	13.56 Mio	S6.1	
Total traffic on the Pickx platform driven by sponsoring related content and marketing actions	Number	N.A.	N.A.	N.A.	358,000	S6.2	
Unique reach of sponsoring events	Number	N.A.	Approx. 2.5 Mio	Approx. 3 Mio	Approx. 1.2 Mio	S6.3	

Definitions

- **Unique reach of music, culture & sports content enabled by the sponsoring partners on our social media channels:** this is the sum of the unique reach of all sponsoring content campaigns on the social media channels of Proximus.
- **Total traffic on the Pickx platform driven by sponsoring related content and marketing actions:** unique visitors on Pickx.be and total views on Pickx TV (live and VOD).
- **Unique reach of sponsoring events:** unique visitors on sponsored events in one year, both digital and physical events where Proximus is visible as partner (estimate based on organizations' figures).

Qualitative explanation

S6.1: The total reach was 13.56 million in 2020 with peaks driven by offering a series of old festival concerts during the first COVID wave (April/May), Rock Werchter and Tomorrowland digital alternatives during the summer, the Red reporter campaign with the Belgian Football Federation (hosted by Roberto Martinez) in Q4 and the launch of Proximus Cycling eSeries in December 2020.

S6.2: The total traffic on the Pickx platform in 2020 was 234,000 unique visitors on Pickx.be and 124,000 TV viewers (live+vod), with peaks driven by the U21 and Red Devils matches and the festival concerts (Rock Werchter and Graspop).

S6.3: The total number of visitors in 2020 was approx. 1.2 million visitors with 800,000 visitors on physical events and 400,000 on digital events. The physical events were heavily impacted by COVID-19, mainly in Q1 (Mia Awards, football matches and BOZAR). Growing success of digital partner events: Tomorrowland Around the World and Tomorrowland New Years Eve and virtual Proximus Cycling Challenge organised by Flanders Classics.

We adapted the non-financial indicators for sponsoring in 2020 to be in line with our new company strategy that has a major focus on digital, social media and Pickx content. For that reason, the figures for 2017-2019 are not available.

Due to the COVID-19 pandemic the number of physical visitors was drastically low in 2020, compensated with some new digital events (virtual cycling races, Tomorrowland ATW/NY,...)

Proximus is proud to support Belgian culture and sports. The goal of the Proximus sponsoring strategy is to enhance awareness of who we are and generate support for our values. We hope to increase customer engagement while making a positive contribution to society. Sustainability is at the heart of all our partnerships. And respect for the environment is a priority at all our events and an important theme for the digital content of our platforms. Moreover, thanks to virtual festivals or digital cycling challenges, more people will be able to participate in our events.

Music

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

In 2020 all festivals were cancelled due to COVID-19. But we launched **e-festivals:** Pickx was there for our festival lovers. We have built a digital version of these major events, in collaboration with our partners (Graspop, RW, Tomorrowland, Pukkelpop). And together with VICE, we launched the #1stagefestival concept: 18 concerts to discover on Pickx, a local and digital initiative.

Proximus also partners with and sponsors among others the opera house **La Monnaie,** as well as **BOZAR,** the Center for Fine Arts in Brussels, the **Queen Elisabeth Music Chapel,** the **Queen Elisabeth Competition,** the **Klara festival** (VRT), **Musiq'3** Festival (RTBF) and the **Mia Awards** (VRT).

In 2021 we want to do even more to support local music through new partnerships. We are delighted to announce a new partner, the Sportpaleis in Antwerp.

Sports

Football

Proximus wants to remain an important partner of Belgian football and all football fans. This is why Proximus supports the Red Devils, the national football team of Belgium, and amateur football through its agreement with the Royal Belgian Football Association. Proximus is also technology partner for Proximus Basecamp, the national football center in Tubize.

Proximus promotes both amateur and professional **esports** in Belgium through three official leagues with strategic partners including ESL (Electronic Sports League). Proximus features esports content on its platforms and sponsors local events. In November 2020, we launched the **eSportsONE** channel on Pickx, dedicated to esports on the Proximus TV, Web and App platforms. We also are the main partner of the "eDevils".

Cycling

We are still the main sponsor of Flanders Classics, the six most important cycling races in Flanders. All Flanders classics cycling races took place this year, despite the COVID-19 pandemic. Ronde van Vlaanderen (the Tour of Flanders) also took place on the original date, on a virtual platform.

We redoubled our commitment to the Proximus Cycling Challenge by offering 16 high-quality cycling races in Belgium aimed at both novice and seasoned cyclists. In 2021, we will complement this with the launch of the Proximus Cycling eSeries: sections of the Flanders classics races will be rideable on a virtual platform all year round and open to all cycling enthusiasts. Proximus remains a partner of the DVV Trophy cyclocross races.

Supporting women and youth

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

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

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

Environmental statement

General note to the environmental statement

The year 2020 was marked by the global pandemic of COVID-19, affecting everyone and changing the way we work and organise ourselves. At Proximus, we had to make adaptations in order to keep our employees, customers and all other stakeholders safe. The measures we took have an impact on the following environmental results, where a change of priority lead to certain acceleration of emission avoidance and energy consumption decrease. Less mobility means less emissions, less employees in the office means less heating and electricity used. However, more people working from home meant our data centers and network had to work at full capacity to make sure everyone had a stable digital working environment. Some of the following numbers have been highlighted in the “notes” section, which go further into detail to look at the reason behind the result.

E1: Energy

E1: Energy	Unit	2017	2018	2019	2020	Notes	External audit
Total energy consumption within the organization	TJ	1,967	1,876	1,808	1,652	E1.1	✔
Total fuel consumption within the organization from non-renewable sources	TJ	575	552	525	384	E1.2	✔
Heating: Natural gas	TJ	101	101	105	62		✔
Heating: Heating oil	TJ	63	50	35	46		✔
Vehicle fleet: Diesel	TJ	409	398	373	262		✔
Vehicle fleet: Petrol	TJ	1	4	12	15		✔
Total fuel consumption within the organization from renewable sources	TJ	0	0	0	0		
Electricity consumption	TJ	1,392	1,323	1,283	1,267		✔
% electricity consumed from renewable sources with GO, REC or IREC - Belgium/Group	%	100/98	100/99	100/100	100/100	E1.3	
Energy efficiency ratio (energy consumption within the organization in TJ vs total revenue in € Mio)	Ratio	0.339	0.322	0.317	0.290		✔
Energy efficiency ratio (energy consumption within the organization in TJ vs FTE)	Ratio	0.147	0.140	0.140	0.140		✔
Heating, cooling or steam consumption	TJ	0	0	0	0		
Electricity, heating, cooling or steam sold	TJ	0	0	0	0		
Electricity consumption within the organization	GWh	387	368	357	352		
Fixed and mobile network	GWh	285	269	268	272		
Data Centers	GWh	56	55	53	51		
Offices + Shops	GWh	45	43	36	28		
Energy savings network	TJ	137	47	40	7		
PUE data centers	Ratio	1.63	1.65	1.60	1.56		

Definitions

- **Renewable sources:** Natural sources that provide energy by for example wind or sunlight, which are constantly replenished naturally without human interference.
- **PUE:** Power Usage Effectiveness, a ratio describing how efficiently a data center uses energy, focussing on how much the computing equipment uses compared to for example the cooling and other overhead that occurs.
- **GO, REC, iREC:** Renewable energy certificates allowing the company to make a reliable claim about sustainably-sourced electricity.
- **TJ:** Tera Joule
- **FTE:** Full Time Employee

Scope

Electricity

Calculation based on the invoices of energy suppliers and internal energy management system GENY (Belgian activities).

Electricity savings within the organization

Calculation based on actions undertaken during the reporting period calculated over a window of 12 months. The savings projects were implemented in the course of the reporting year, hence the results only become material in the current and following reporting year, but the order of magnitude remains comparable on a year-by-year basis.
The infrastructure savings are calculated based on the directly measured electricity consumption and an estimated indirect consumption such as for cooling before and after the savings operation. For multiple installations, the consumption of one type installation is multiplied by the total number of installations.

Electricity savings sold products

The baseline for the calculation of savings related to the electricity consumption of TV decoders installed at customer premises is based upon the formula described in the EU Code of Conduct for digital TV services, the technical consumption data provided by the vendor and the installed base devices by type at customer premises.

Heating

Calculation based on supplier billing data: Gas: meter readings + Heating oil: heating oil tank refills.

Qualitative explanation

Looking at the general consumption, we see a decrease in all fields, which is due to our continuous energy efficiency efforts and COVID-19. Our employees worked primarily from home, meaning our consumption of energy was lower. Their presence at the office (and lack of it), but also their mobility were key influencers in the numbers of 2020, however from a customer perspective the consumption in our data centers and networks increased, explained by (semi)lockdowns and teleworking measures.

- **E1.1:** The general consumption of energy gradually decreases, with a larger decrease in 2020. This is due to COVID-19 and that we therefore had to close our offices, however our stores remained open and our servers and data centers were up and running.
- **E1.2:** For fossil fuel consumption we see a decrease in the numbers, in line with our targets but accelerated by COVID-19.
- **E1.3:** In line with our RE100 commitment.

E2: Emissions

E2: Emissions	Unit	2017	2018	2019	2020	Notes	External audit
CO_2e emissions scope 1 and 2	KTons	46.5	39.0	36.9	27.4		✔
Evolution CO_2e emissions scope 1 and 2 (vs previous year)	%	-4%	-16%	-5%	-26%		
Evolution CO_2e emissions scope 1 and 2 (vs 2015 baseline) - Science Based Target	%	-8%	-22%	-27%	-45%	E2 1	
Evolution CO_2e emissions scope 1 and 2 (vs 2007 baseline)	%	-72%	-78%	-79%	-83%		
Carbon intensity (Tons CO_2e scope 1 and 2/€ Mio revenue)	Tons CO_2e	8.0	6.7	6.5	4.8		
Carbon intensity (Tons CO_2e scope 1 and 2/# FTE's)	Tons CO_2e	3.5	2.9	2.9	2.4		
CO_2e emissions scope 1 - heating, refrigerants and fleet fuel	KTons	43.9	38.0	36.0	26.6	E2.2	✔
CO_2e emissions scope 1 - heating	KTons	11.0	10.0	9.2	7.2		✔
CO_2e emissions scope 1 - refrigerants	KTons	4.6	0.3	0.3	0,3		✔
CO_2e emissions scope 1 - fleet fuel	KTons	28.3	27.7	26.5	19.1	E2.3	✔
CO_2e emissions scope 2 - electricity - market based method	KTons	2.6	1.0	0.9	0.8		✔
CO_2e emissions scope 2 - electricity - location based method	KTons	68.4	65.0	62.5	70.4		
CO_2e-emissions compensated by carbon credits (scope 1 and 2)	KTons	47.9	42.2	40.1	27.4		
CO_2e emissions scope 3 - 8 relevant categories	KTons	765	809	742	647		✔
Evolution CO_2 emissions scope 3 (vs 2014 baseline) - Science Based Target	%	0%	+5%	-3%	-15%	E2.4	
Scope 3 - category 1 - purchased goods and services - Belgium	KTons	481	540	460	515	E2.5-E2.6	✔
Scope 3 - category 2 - capital goods – Belgium	KTons	177	184	200	54	E2.5-E2.6-E2.7	✔
Scope 3 - category 3 - fuel and energy related activities (not in scope 1 and 2) - Group	KTons	11	11	10	11	E2.5	✔
Scope 3 - category 4 - transportation and distribution - Belgium	KTons	4	3	3	3	E2.5	✔
Scope 3 - category 5 - waste disposal - Belgium	KTons	1	1	1	1	E2.5	✔
Scope 3 - category 6 - business travel - Belgium	KTons	1	1	2	1	E2.5	✔
Scope 3 - category 7 - employee commuting - Belgium	KTons	4	4	4	2	E2.5	✔
Scope 3 - category 11 - use of sold products - Belgium	KTons	87	64	62	61	E2.5	✔

Definitions

- **Science Based Target:** Emissions reductions targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures, as described by the Intergovernmental Panel on Climate Change (IPCC). Source: sciencebasedtargets.org
- **Carbon credits:** a way to compensate companies emitting a certain amount of carbon dioxide or other greenhouse gas.

Scope

Disclaimers: For scope 3, due to supplier engagement target and update in the methodology (for more accuracy), the new baseline year for our strengthened SBT 1.5°C commitment is 2019 for scope 3 categories 1 and 2, and 2020 for the rest of scope 3 categories.

Business travel are now calculated, based on DEFRA conversion factors without Radiative Forcing (RF).

Since many years we adopt the principle of best available data quality.

Measurement of the Group's CO_2 emissions is based on the guidelines of the **Greenhouse Gas Protocol.**

We measure all activities that are subject to operational control. This not only concerns emissions in Belgium, but also, since 2010, the CO_2 emissions of Proximus Group subsidiaries outside Belgium. Their consumption represents 11% of the Group's total energy consumption.

Reporting on environmental figures for the group subsidiaries is done depending on data availability and quality. This is positively evolving over the years, in the sense that more and more subsidiaries are monitoring their environmental impact.

The carbon footprint of the subsidiaries TeleSign, Davinsi Labs and Unbrace, all acquired in 2017 and Codit acquired in 2018 is not material and not included in the figures.

The CO_2e consumption represents a CO_2 equivalent emission figure of all greenhouse gases combined, i.e. CO_2, CH_4, N_2O, HFCs, PFCs, SF6. The gases of primary interest for Proximus are CO_2 and HFCs, but CH4 and N_2O are also included in the calculation.

Proximus reports on all relevant scope 3 figures according to the scope 3 corporate value chain standard of the GHG protocol (www.ghgprotocol.org), Bilan Carbone and other relevant emission factors. Scope 3 refers to the upstream and downstream GHG emissions which are indirectly generated by Proximus. Given that we are dealing with indirect emissions, the possible impact from Proximus in reducing the emissions varies from low to high, and the choice of suppliers and solutions plays a key role. For most of the scope 3 categories only the operations in Belgium are taken into account.

Gold Standards Carbon Credits

By being carbon neutral means we will first of all continue reducing our carbon emissions but will offset what is left over by supporting international projects that fight global warming.

In practice, this has allowed the Proximus Group to become a carbon neutral company for its car fleet, electricity, heating, refrigerants (scopes 1 and 2).

Proximus is the main driving force behind the development of the multiannual "Gold Standard" certified climate project called the TEG Stove project. More info: www.tegstove.org

In this specific region in Benin, where 69% of the population lives in poverty, 91% of households use wood as an energy source and there is very limited access to electricity.

The TEG STOVE is an efficient cookstove on which a thermo-electric generator (TEG) is installed as an extra. Thanks to this TEG module, part of the heat is converted into electricity, which can be used for charging smartphones or LED lamps.

The LED lamps can be used in the evening to light homes or for reading. They replace dangerous and polluting paraffin lamps. Intensive research is being conducted to find the most efficient way to design and use this TEG module with a view to integrating it into a growing number of cookstoves.

The use of these cookstoves is registered and serves as proof for the issuance of carbon credits.

The budget made available for carbon credits by Proximus allows 100 times more CO_2 to be reduced in developing countries as compared to Belgium. This is because the cost of setting up CO_2-friendly projects in Africa is lower, and current energy efficiency in the region can also be dramatically improved. We also support cookstove projects in Uganda, Malawi and rural Asia. The benefits are mainly forest conservation, improved air quality, health, employment and quality of life.

The projects were also selected because they contribute to several Sustainable Development Goals. More info: www.tegstove.org

Another project we support is the stove project in Uganda, in which efficient cookstoves drastically reduce the use of firewood. The benefits are mainly forest conservation and improved air quality, health, employment and quality of life. We also support cookstove projects in Malawi and China.

Overview of our Scope 1, 2 and 3 standards

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/ renewable energy	GWP	Source emission factors	External audit assurance level
Scope 1 – Direct emissions						
Car fleet fuel	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Base Carbone + Bilan Carbone	Limited
Heating of building installations	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Gas: GHG protocol heating fuel: Base Carbone + Bilan Carbone	Limited
Cooling of building installations-refrigerants	High	Proximus Group/ 100%	100% carbon credits - Gold Standard	AR5 IPCC	Bilan Carbone	Limited
Scope 2 – Indirect emissions						
Emissions released during the generation of electricity that is purchased by the company	High	Proximus Group/ 100%	Renewable energy sources: 100% Offset by carbon credits – Gold Standard: 1%	AR5 IPCC	IEA (CO_2 emissions from fuel combustion – highlights) - 2020	Limited

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/ renewable energy	GWP	Source emission factors	External audit assurance level
Scope 3 - Cat. 1						
Resource extraction, transportation and production of purchased goods and services	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	LCA based (customer products), Bilan carbone, IEA, Carnegie emission factors	Limited
Scope 3 - Cat. 2						
Acquired investments	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Carnegie emission factors, IEA	Limited
Scope 3 - Cat. 3						
Extraction, production and transportation of direct fuels and electricity purchased by the Proximus Group, non-reported in scopes 1 and 2. Network losses, among others, are included transportation	High	Proximus Group/ 100%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 4						
Transportation of subcontractors for network activities	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone EEIO model (other subcontractors fall within Cat.1)	Limited
Scope 3 - Cat. 5						
Treatment of waste flows	Medium	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone	Limited
Scope 3 - Cat. 6						
Aircraft and trains for business travel	Low	Proximus in Belgium/ 95%	100% carbon credits - Gold Standard	AR5 IPCC	Official figures of travel agency	Limited
Scope 3 - Cat. 7						
Employee commuting. Company cars are accounted for in scope 1	High	Proximus Group 98%	None	AR5 IPCC	Bilan carbone	Limited
Scope 3 - Cat. 11						
Energy consumption of customers' Proximus devices (modems, set-top boxes and mobile phones)	High	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone, IEA	Limited
Scope 3 - Cat. 12						
Processing of products (end of life): included in cat.5	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	Limited
Scope 3 - Cat. 15						
Investments: included in cat.2	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	Limited
Scope 3 – Cat. 8, 9, 10, 13, 14						
N.A.	N.A.	N.A.	N.A.	AR5 IPCC	N.A.	N.A.

Qualitative explanation

Our emissions this year were generally lower than expected, due to COVID-19, although we strive to our lower emissions nonetheless. The fact that our employees barely had to drive their company cars for example due to restricted movement to for example the office our clients, results in less emissions on the road. On top of that, we made significant efforts to lower our emissions now and for the future by investing in sustainable energy sources.

- **E2.1:** Our goal is to have -30% reduction for our scope 1 and 2 emissions by 2025.
- **E2.2:** The drastic decrease in emissions this year is heavily influenced by COVID-19, which forced our employees to stay at home, resulting in much less travel and heating consumption.
- **E2.3:** For the emissions of our fleet, we can appoint the drastic decrease to the influence of COVID-19 and multiple (semi) lockdowns, forcing our employees to stay at home and thus not use their company car for travel to work or business appointments.
- **E2.4:** For our scope 3 we have established targets of a -10% reduction in emissions by 2025 and a -50% decrease by 2040.
- **E2.5:** All the emission factors were updated, privileging the latest versions of the following sources: Bilan Carbone, ecoinvent and Carnegie.
- **E2.6:** Methodology changed for the Spend and the Capital goods categories. It is now analyzed per supplier instead of UNSPC categories and performed on 2019 figures.
- **E2.7:** For capital goods, we used GHG protocol methodology based on yearly acquisitions (not depreciation anymore).

E3: Waste & material usage

E3: Waste & material usage	Unit	2017	2018	2019	2020	Notes	External audit
Waste - Belgium	KTons	11.80	14.70	13.60	10.79		✔
% of hazardous waste - Belgium	%	4.30%	4.00%	8.70%	5.40%		✔
% waste reused/recycled - Belgium	%	85%	87%	87%	88%	E3.1	✔
Non-hazardous waste - recycled or reused - Belgium	KTons	9.60	12.20	10.60	8.85		✔
Non-hazardous waste - with energy recovery - Belgium	KTons	1.70	2.00	1.80	1.32		✔
Hazardous waste - recycled or recovered - Belgium	KTons	0.50	0.60	1.20	0.58	E3.2	✔
Mobile phones collected in Proximus and Proximus Luxembourg shops for reuse and recycling		4,493	9,237	19,255	64,941		
Mobiles phones collected in schools with GoodPlanet Belgium for reuse and recycling		14,000	9,042	12,220	7,823	E3.3	
Number of refurbished computers offered to schools as reward for mobile phone recycling		250	156	189	239		
Number of refurbished modems		122,397	182,553	140,000	228,427		
Number of refurbished modems/number of new installed modems	%	24%	32%	26%	40%		
Number of refurbished TV decoders	Number	199,797	222,991	196,000	260,996		
Number of refurbished TV decoders/number of new installed TV decoders		56%	44%	39%	42%		
Evolution average energy consumption customer decoders vs 2014	%	-33%	-41%	-50%	-54%	E3.4	
Paper consumption	KTons	1.29	0.97	0.65	0.59	E3.5	
Water - Belgium	'OOOL	124,611	146,599	109,392	87,551		

Definitions

- **Hazardous waste:** Waste that makes it dangerous having possible harmful effects on people or the environment when not processed and recycled correctly.
- **Refurbished:** Repaired device, given a second life after careful inspection and testing.

Scope

Waste calculation

Monthly bills and certificates of waste processors are combined into a single annual report, which is then updated with additional information received from the waste processors:

- The average weights of the subscriptions and the individually measured weights of the waste collections.
- Distinction between hazardous and non-hazardous waste.
- Processing method such as composting, recycling, reprocessing, reuse or residual waste with energy recovery.
- Additional reduction in residual waste through a posteriori sorting of the residual waste by the waste processor into recyclable categories such as wood, metal, paper, etc.

Qualitative explanation

The global pandemic also influenced our production of waste, which we aim to lower every year but has been pushed further due to COVID-19. Our program "Don't miss the call", where we collect old mobile phones to have them recycled, also felt the impact of the pandemic.

- **E3.1:** Due to our ambition to evolve towards a truly circular company, we have set the ambition to have a 90% figure by 2025.
- **E3.2:** 99% of the hazardous waste is battery related.
- **E3.3:** Our mobile phone collection has been impacted by COVID-19, forcing schools and our shops/partners to close (temporarily) and thus not giving customers the chance to hand in their old devices. We have set ourselves the ambitious goal of collecting 150,000 mobile phones in 2021.
- **E3 4:** We hit our target to halve (-50%) the average energy consumption last year in 2019 and are still working to get the consumption to the lowest amount possible by adjusting our devices and their efficiency.
- **E3.5:** The paper consumption was previously reported in millions pages. Conversion has been made in Ktons.

E4: Supply Chain

E4: Supply Chain	Unit	2017	2018	2019	2020	Notes	External audit
% of the total spend covered by supplier CSR scorecards - Proximus PLC	%	40%	40%	32%	55%		
Number of on-site audits in collaboration with JAC	Number	89	91	84	80		
Circular Manifesto's signed	Number	/	/	/	21		

Definitions

- **CSR:** Corporate Social Responsibility, policies taken by a company to ensure its ways of working have a positive impact on the world (environmental, social, governance, supply chain).
- **JAC:** Joint Audit Co-operation, an association of telecom operators aiming to verify, assess and develop the CSR (Corporate Social Responsibility) implementation across the manufacturing centres of the most important ICT multinational suppliers.

E5: Abatement of Carbon Emissions through our products & services

Solution group	Unit	2017	2018	2019	2020	Notes	External audit
Broadband enabled homeworking	KTon CO_2e	/	/	/	372.53		
Dematerialisation & device leasing	KTon CO_2e	/	/	/	41.19		
Online conferencing & collaboration	KTon CO_2e	/	/	/	32.89		
Cloud & IP communication	KTon CO_2e	/	/	/	1.33		
Proximus & public cloud	KTon CO_2e	/	/	/	3.93		
Vehicle & traffic management	KTon CO_2e	/	/	/	7.40		
Smart building & metering	KTon CO_2e	/	/	/	5.92		
Total	**KTon CO_2e**	**/**	**/**	**/**	**465.19**	**E5.1**	

Definitions

- **Dematerialisation:** suppressing the use of physical material by for example offering a digital alternative

Scope

Calculating the overall results of our avoided emissions has been executed by an external partner, The Carbon Trust, after which we translated those results to match with the involvement of Proximus. We chose to calculate the avoided emissions we can account for based on our products and solutions direct margin. The following elements have been taken into account in the calculation:

- The volume of sold products and solutions
- The contribution of our solution or product to the carbon abatement
- The amount of CO_2 emissions the product or solution itself generates
- The direct margins on our products or solutions.

Qualitative explanation

- **E5.1:** Since this is the first year we analyse the carbon abatement we can achieve with our products and services, there will be no external audit in 2020 and thus on this total number.

E6: Environmental management system

Proximus' environmental management system is made up of different components. There are different parties involved and the system has a variety of tools and resources.

Stakeholders

- The Corporate Social Responsibility (CSR) department, with a strong focus on environmental issues and CO_2 reduction
- The corporate prevention & protection department, including the environmental department
- The internal audit department, which reports to the Board of Directors and carries out audits on all kinds of environmental aspects at the request of the environment or CSR departments, the Board of Directors, or the Executive committee
- Government-accredited independent external organizations, which audit our waste policy and procedures (packaging, WEEE, batteries).

Resources and activities

- Procedures, guidelines, plans and campaigns related to environmental issues (mobility campaigns, surveys and info sessions for employees to further promote the use of public transport and bicycles),
- New packaging waste prevention plan 2019-2022 for IVCIE and awareness campaigns on waste recycling,
- Anti-pollution plan in the event of severe air pollution in the Brussels Region,
- Environmental policy,
- Field visits concerning environmental issues such as hazardous products, waste and control of permits,
- Communication channels: intranet news, toolboxes, internal reporting to the executive committee,
- Integrated management system, ISO9001 certificate,
- Environmental clauses in purchasing procedures concerning waste reduction, such as recycling, eco-design and life cycle,
- Noise studies and control measurements to ensure compliance with noise standards and limit disturbance for neighbours,
- Soil survey for high-risk installations,
- E-learning module on the impact of mobile and wireless telephony on the health of employees.

GRI content index

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
General disclosures					
Organization profile	102-1	Name of the organization	Proximus public limited company under Belgian Public Law		
	102-2	Activities, brands, products, and services	Who we are and how we create value for society, p.8-11		
	102-3	Location of the organization's headquarters	Boulevard du Roi Albert II, 27 B - 1030 Bruxelles		
	102-4	Number of countries operating	Who we are and how we create value for society, p.10		
	102-5	Nature of ownership and legal form	Who we are and how we create value for society, p.9		
	102-6	Markets served	Who we are and how we create value for society, p.10-11		
	102-7	Scale of the reporting organization	- Social statement, p.139 - Consolidated Financial Statements, p.171-175 - Key figures on the Proximus share, p.128		
	102-8	Information on employees and other workers	Social statement, p.139-141		
	102-9	Supply chain	- Proximus' indirect emissions throughout the value chain, p.64 - Apply high ethical standards, p.102		
	102-10	Significant changes to the organization and its supply chain	None to report on in 2020		
	102-11	Precautionary Principle or approach	Act for a green and digital society, p.62-67		
	102-12	External initiatives	#EmbraceDifference pledge ERT; "Digital4Her" declaration EC; "Decent work for all" commitment charter; Knowledge University Business Integrated Challenge (KUBIC)	Non-exhaustive list	
	102-13	Memberships of associations	ETNO VBO/FEB VOKA Agoria BECI (Union des entreprises de Bruxelles) UWE (Union Wallonne des Entreprises) Cercle de Wallonie De Warande Cercle de Lorraine Febeliec World Economic Forum VKW Limburg Benelux Business Roundtable GSMA ETIS Guberna Cyber Security Coalition The Shift Be.Face Joint Audit Cooperation (JAC) Talent2Connect Belgian Association of Marketing	Non-exhaustive list	
Strategy	102-14	Statement from senior decision-maker	On our way to being the reference operator in Europe, p.5-7		
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	- Our value creation model, p.12 - Proximus governance model, p.84 - Compliance, p.100-101 - Apply high ethical standards, p.102 - Diversity & Inclusion statement, p.306-308		
Governance	102-18	Governance structure	Corporate governance statement, p.84-100		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Stakeholder engagement	102-40	List of stakeholder groups	- Integrated reporting approach 2020, p.3 - Stakeholder dialogue, p.135		
	102-41	Collective bargaining agreements	Social statement, p.140-141		
	102-42	Identifying and selecting stakeholders	Proximus selects its stakeholders based on its business, their relevance to our industry and our main contribution themes. We include all those impacted by our operations, as well as those we partner and maintain a relationship with.		
	102-43	Approach to stakeholder engagement	Stakeholder dialogue, p.135-138		
	102-44	Key topics and concerns raised	Stakeholder dialogue, p.135-138		
Reporting practice	102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statements, p.177		
	102-46	Defining report content and topic Boundaries	Integrated reporting approach 2020, p.3		
	102-47	List of material topics	Highly material topics, p.134		
	102-48	Restatements of information	There is no restatement of information unless specifically otherwise stated in the text		
	102-49	Changes in reporting	Materiality determination, p.133		
	102-50	Reporting period	Jan 1 to Dec 31, 2020		
	102-51	Date of most recent report	March, 2020		
	102-52	Reporting cycle	Annually		
	102-53	Contact point for questions regarding the report	csr@proximus.com		
	102-54	Claims of reporting in accordance with the GRI Standards	Integrated reporting approach 2020, p.3		
	102-55	GRI content index	GRI content index, p.162-167		
	102-56	External assurance	Auditor's reports, p.310-314		
Specific disclosures					
Indirect economic impacts - Linked with highly material topics Innovation and sustainable infrastructure and Digital competitiveness of institutions and companies					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Our new 3-year strategy, p.28-29 - Build the best gigabit network, p.31 - Highly material topics, p.134		
	103-2	The management approach and its components	- Build the best gigabit network, p.31-41 - Higher relevance for our customers (Small companies and Enterprise customers), p.53-54		
	103-3	Evaluation of the management approach	- Key achievements, p.22 - Build the best gigabit network, p.31-41		
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Build the best gigabit network, p.31-41		
	Own indicator	Number of homes and business enabled with fiber	Build the best gigabit network, p.31		
	Own indicator	Number of cities and municipalities where 5G is available	Build the best gigabit network, p.31		
	Own indicator	Number of new fiber wholesale partners	Build the best gigabit network, p.31		
	Own indicator	Number of internet connections (consumer segment)	Grow profitably through partners and ecosystems, p.49		
Anti-corruption - Linked to highly material topic Business conduct and ethics					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Compliance, p.100-101 - Highly material topics, p.134		
	103-2	The management approach and its components	Compliance, p.100-101		
	103-3	Evaluation of the management approach	Compliance, p.100-101		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 205: Anti-corruption 2016	Own indicator	Number of cases investigated by the Investigations Department for violation of policies/code of conduct	Compliance, p.101		✔
	Own indicator	Number of whistleblowing cases	Compliance, p.101		✔
Anti-competitive behavior - Linked to highly material topic Pricing and billing transparency					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Compliance, p.100-101 - Highly material topics, p.134 - Stakeholder dialogue, p.135		
	103-2	The management approach and its components	- Our brands, p.10 - Improving our customer interactions, p.45 - Social statement (S5: Responsible marketing), p.147		
	103-3	Evaluation of the management approach	- Cable & broadband Regulation, p.104 - Social statement (S5: Responsible marketing), p.147		
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3 legal actions regarding anti competitive behavior and violations of anti-trust and monopoly legislation Outcomes of legal actions: nothing to report		
Materials - Linked to highly material topic Sustainability, energy and circular economy					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62 - Highly material topics, p.134 - Proximus' indirect emissions throughout the value chain, p.64		
	103-2	The management approach and its components	- Act for a green and digital society, p.62 - Proximus' indirect emissions throughout the value chain, p.64-65		
	103-3	Evaluation of the management approach	- Act for a green and digital society, p.62-63 - Proximus' indirect emissions throughout the value chain, p.64-65 - Environmental statement (E3: Waste & material usage), p.157-158		
GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	Environmental statement (E3: Waste & material usage), p.157-158		
	Own indicator	Number of modems & decoders refurbished	Act for a green and digital society, p.62		
	Own indicator	Number of mobile phones collected	Act for a green and digital society, p.62		
Energy - Linked to highly material topic Sustainability, energy and circular economy					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62-63 - Highly material topics, p.134		
	103-2	The management approach and its components	- Act for a green and digital society, p.62-66		
	103-3	Evaluation of the management approach	- Act for a green and digital society, p.62-66 - Environmental statement (E1: Energy), p.150-151		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental statement (E1: Energy), p.150-151		✔
	302-3	Energy intensity	Environmental statement (E1: Energy), p.150-151		✔
	302-4	Reduction of energy consumption	Environmental statement (E1: Energy), p.150-151		
	302-5	Reductions in energy requirements of products and services	- Proximus' indirect emissions throughout the value chain, p.64 - Environmental statement (E3: Waste & material usage), p.157-158		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Emissions - Linked to highly material topic Sustainability, energy and circular economy					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62-63 - Highly material topics, p.134		
	103-2	The management approach and its components	Act for a green and digital society, p.62-66		
	103-3	Evaluation of the management approach	- Act for a green and digital society, p.62-66 - Environmental statement (E2: Emissions), p.152-156		
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental statement (E2: Emissions), p.152-156		✔
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental statement (E2: Emissions), p.152-156		✔
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental statement (E2: Emissions), p.152-156		✔
	305-4	Greenhouse gas (GHG) emissions intensity	Environmental statement (E2: Emissions), p.152-156		✔
	305-5	Reduction of GHG emissions	- Act for a green and digital society, p.62 - Environmental statement (E2: Emissions), p.152-156		
Waste - Linked to highly material topic Sustainability, energy and circular economy					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62 - Highly material topics, p.134		
	103-2	The management approach and its components	Act for a green and digital society, p.62-66		
	103-3	Evaluation of the management approach	- Act for a green and digital society, p.62-66 - Environmental statement (E3: Waste & material usage), p.157-158		
GRI 306: Waste 2020	306-1	Management approach disclosures: Waste generation and significant waste-related impacts	Act for a green and digital society, p.62-66		
	306-2	Management approach disclosures: Management of significant waste-related impacts	- Act for a green and digital society, p.62-66 - Environmental statement (E3: Waste & material usage), p.157-158		
	306-3	Waste generated	Environmental statement (E3: Waste & material usage), p.157-158		✔
	306-4	Waste diverted from disposal	Environmental statement (E3: Waste & material usage), p.157-158		✔
Supplier environmental assessment - Linked to highly material topic Sustainable supply chain					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62-63 - Highly material topics, p.134 - Stakeholder dialogue, p.137		
	103-2	The management approach and its components	- Act for a green and digital society, p.62-66 - Apply high ethical standards, p.102 - Stakeholder dialogue, p.137		
	103-3	Evaluation of the management approach	- Our value creation model, p.13 - Stakeholder dialogue, p.137 - Environmental statement (E4: Supply chain), p.159		
GRI 308: Supplier environmental assessment 2016	Own indicator	% of the total spend covered by supplier CSR scorecards - Proximus PLC	Environmental statement (E4: Supply chain), p.159		
	Own indicator	Manifesto's signed	Environmental statement (E4: Supply chain), p.159		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Employment - Linked to highly material topic Human capital and employee development					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Getting our people and organization ready for the future, p.75 - Highly material topics, p.134		
	103-2	The management approach and its components	Getting our people and organization ready for the future, p.75-80		
	103-3	Evaluation of the management approach	- Getting our people and organization ready for the future, p.75-80 - Social statement (S1, S2), p.139-143		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Social statement (S2), p.142-143		
	401-3	Parental leave	Social statement (S2), p.142-143		
	Own indicator	Number of job seekers supported by Proximus initiatives in Belgium	Act for a green and digital society, p.62		✔
Training and education - Linked to highly material topic Human capital and employee development					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Getting our people and organization ready for the future, p.75 - Highly material topics, p.134		
	103-2	The management approach and its components	Getting our people and organization ready for the future, p.75-80		
	103-3	Evaluation of the management approach	- Getting our people and organization ready for the future, p.75-80 - Social statement (S3), p.144		
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Social statement (S3), p.144		
	404-2	Programs for upgrading employee skills and transition assistance programs	Getting our people and organization ready for the future, p.75-76		
	404-3	Percentage of employees receiving regular performance and career development reviews.	Performance review, development and career coaching are closely linked to our culture. Our performance review process focuses on the strengths of employees to sharpen them further, through continuous coaching and feedback. We are convinced that this approach is beneficial for the employee himself. Indeed, an employee who evolves and develops, will perform all the better. It is also beneficial for Proximus because it helps it, in the end, to return to growth. At least 2 times a year each active employee receives a performance/career review.		
Local communities - Linked with highly material topic Connectivity and digital inclusion					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.62 - Highly material topics, p.134		
	103-2	The management approach and its components	- Higher relevance for our customers (Residential customers), p.50-52 - Contributing to a digital society, p.67-69		
	103-3	Evaluation of the management approach	Contributing to a digital society, p.67-69		
GRI 413: Local communities 2016	Own indicator	Percentage of tested devices accessible for at least 5 disabilities	Act for a green and digital society, p.62		✔
Supplier social assessment - Linked to highly material topic Sustainable supply chain					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Highly material topics, p.134 - Stakeholder dialogue, p.137		
	103-2	The management approach and its components	- Apply high ethical standards, p.102 - Stakeholder dialogue, p.137		
	103-3	Evaluation of the management approach	- Our value creation model, p.13 - Stakeholder dialogue, p.137 - Environmental statement (E4: Supply chain), p.159		
GRI 414: Supplier social assessment 2016	Own indicator	Number of on-site audits in collaboration with JAC	Environmental statement (E4: Supply chain), p.159		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Customer health and safety - Linked to highly material topic Quality products and services and Customer relationship					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Contributing to the UN Sustainable Development Goals, p.14 - Mobile network and health, p.39 - Operate like a digital native company, p.43 - Grow profitably through partners and ecosystems, p.49 - Highly material topics, p.134		
	103-2	The management approach and its components	- Mobile network and health, p.39 - Customers are the center of our attention, p.44-46 - Higher relevance for our customers, p.50-54 - Build digital trust, p.70-72		
	103-3	Evaluation of the management approach	- Customers are the center of our attention, p.44-46 - Higher relevance for our customers, p.50-54 - Build digital trust, p.70-72		
GRI 416: Customer health and safety 2016	Own indicator	MyProximus and Pickx app ratings in Google Play and App Store	Operate like a digital native company, p.43		
	Own indicator	Satisfaction with our internet, TV and mobile products	Operate like a digital native company, p.43		
Customer privacy - Linked to highly material topic Privacy and data security					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	Highly material topics, p.134		
	103-2	The management approach and its components	Build digital trust, p.70-72		
	103-3	Evaluation of the management approach	Build digital trust, p.70-72		
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, Proximus reported 4 personal data incidents to the Belgian Data Protection Authorities		

Consolidated financial statements

Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2020 and 2019

Consolidated Balance Sheet

(EUR million)		As of 31 December	
ASSETS	**Note**	**2019**	**2020**
NON-CURRENT ASSETS		7,160	7,120
Goodwill	3	2,477	2,465
Intangible assets with finite useful life	4	1,080	1,047
Property, plant and equipment	5	3,127	3,169
Right-of-use assets	6	307	285
Lease receivable		6	7
Contract costs	7	113	108
Investments in associates	8	2	0
Deferred income tax assets	10	16	12
Equity investments	9	0	1
Other non-current assets	12	31	24
CURRENT ASSETS		1,818	1,660
Inventories	13	133	106
Trade receivables	14	985	868
Lease receivable		3	4
Contract assets	14	97	111
Current tax assets	10	139	119
Other current assets	15	134	139
Investments	16	3	3
Cash and cash equivalents	17	323	310
TOTAL ASSETS		8,978	8,779

LIABILITIES AND EQUITY	**Note**		
EQUITY	18	2,998	3,026
Shareholders' equity attributable to the parent	18	2,856	2,903
Non-Controlling interests	18	142	123
NON-CURRENT LIABILITIES		3,616	3,639
Interest-bearing liabilities	19	2,360	2,511
Lease liabilities	6	243	216
Liability for pensions, other post-employment benefits and termination benefits	11	639	559
Provisions	20	137	139
Deferred income tax liabilities	10	110	115
Other non-current payables	21	127	99
CURRENT LIABILITIES		2,363	2,114
Interest-bearing liabilities	19	157	163
Lease liabilities	6	64	68
Liability for pensions, other post-employment benefits and termination benefits	11	225	86
Trade payables		1,284	1,213
Contract liabilities	22	116	157
Tax payables	10	28	11
Other current payables	22	490	416
TOTAL LIABILITIES AND EQUITY		8,978	8,779

Consolidated Income Statement

(EUR million)	Note	Year ended 31 December 2019	2020
Net revenue	23	5,638	5,443
Other operating income	24	59	38
Total income		**5,697**	**5,481**
Costs of materials and services related to revenue	25	-2,018	-1,901
Workforce expenses	26	-1,477	-1,128
Non-workforce expenses	27	-527	-530
Total operating expenses before depreciation and amortization		**-4,021**	**-3,559**
Operating income before depreciation and amortization		**1,676**	**1,922**
Depreciation and amortization	28	-1,120	-1,116
Operating income		**556**	**805**
Finance income		16	8
Finance costs		-63	-56
Net finance costs	29	-47	-48
Share of loss on associates		-1	-1
Income before taxes		**508**	**756**
Tax expense	10	-116	-174
Net income		**392**	**582**
Attributable to:	18		
Equity holders of the parent (Group share)		373	564
Non-controlling interests		19	18
Basic earnings per share (in EUR)	30	1.16	1.75
Diluted earnings per share (in EUR)	30	1.16	1.75
Weighted average nb of outstanding ordinary shares	30	322,918,006	322,752,015
Weighted average nb of outstanding ordinary shares for diluted earnings per share	30	322,954,702	322,755,758

Consolidated Statement of Other Comprehensive Income

(EUR million)	Note	Year ended 31 December 2019	2020
Net income		392	582
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		4	-22
Cash flow hedges:			
Transfer to profit or loss for the period		-2	-2
Other		1	-1
Total before related tax effects		3	-24
Income tax relating to items that may be reclassified		0	0
Total of items that may be reclassified to profit and loss - net of related tax effects		4	-24
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit obligations	11	-43	-19
Total before related tax effects		-43	-19
Related tax effects			
Remeasurement of defined benefit obligations		4	5
Income tax relating to items that will not be reclassified		4	5
Total of items that will not be reclassified to profit and loss, net of related tax effects		-38	-15
Total comprehensive income		358	543
Attributable to:			
Equity holders of the parent		336	536
Non-controlling interests		22	8

Consolidated Cash Flow Statement

(EUR million)	Note	Year ended 31 December 2019	2020
Cash flow from operating activities			
Net income		392	582
Adjustments for:			
Depreciation and amortization	4/5/6	1,120	1,116
Impairment on current and non-current assets	3/4/5	3	0
Increase / (decrease) of provisions	20	-5	3
Deferred tax income	10	22	14
Loss from investments accounted for using the equity method	8.3	1	1
Adjustments for finance cost		2	2
Gain on disposal of consolidated companies and remeasurement of previously held interest	24	-4	0
Gain on disposal of property, plant and equipment	24	-8	-3
Other non-cash movements		-1	-1
Operating cash flow before working capital changes		**1,522**	**1,715**
Decrease / (increase) in inventories		-4	27
Decrease in trade receivables		50	123
Decrease/(increase) in other assets		-94	5
Decrease in trade payables		-18	-68
Decrease in other liabilties		-19	-50
(Decrease)/increase in net liability for pensions, other post-employment benefits and termination benefits	11	217	-238
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries		**133**	**-201**
Net cash flow provided by operating activities (1)		**1,655**	**1,515**
Cash paid for acquisitions of intangible assets and property, plant and equipment	4/5	-1,091	-1,089
Cash paid for acquisition of consolidated companies, net of cash acquired		-3	-2
Net Cash received from sales of property, plant and equipment and other non-current assets		15	11
Net cash used in investing activities		**-1,079**	**-1,081**
Cash flow before financing activities		**576**	**434**
Lease payments excluding interest paid	6	-78	-82
Free cash flow (2)		**498**	**352**

(EUR million)	Note	Year ended 31 December 2019	2020
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	31	-486	-485
Dividends to and transactions with non controlling interests	18.2	-60	-26
Net sale of treasury shares		8	-5
Net sale of investments		1	0
Decrease of shareholders' equity		0	-1
Remeasurement reserve		-1	-2
Issuance of long term debt	19.3	99	150
Issuance/(repayment) of short term debt	19.3	-76	6
Cash flows used in financing activities other than lease payments		**-515**	**-363**
Exchange rate impact		0	-2
Net change of cash and cash equivalents		**-17**	**-13**
Cash and cash equivalents at 1 January		340	323
Cash and cash equivalents at the end of the period	17	323	310

(1) Net cash flow from operating activities includes the following cash movements :			
Interest paid		-40	-42
Interest received		1	0
Income taxes paid		-191	-155
(2) Free cash flow: cash flow before financing activities and after lease payments			

Consolidated Statement of Changes in Equity

(EUR million)	Issued capital	Treasury shares	Restric'd reserve	Equity instruments and hedge reserve	Other remeasur-ement reserve	Foreign currency trans-lation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-control. interests	Total Equity
Balance at 1 January 2019	**1,000**	**-427**	**100**	**6**	**-155**	**3**	**4**	**2,474**	**3,005**	**148**	**3,153**
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**-39**	**2**	**0**	**373**	**336**	**22**	**358**
Dividends to shareholders (relating to 2018)	0	0	0	0	0	0	0	-324	-324	0	-324
Interim dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-162	-162	0	-162
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-29	-29
Business combination	0	0	0	0	0	0	0	-2	-2	2	0
Change in shareholders' equity	0	0	0	0	0	0	0	-6	-6	0	-6
Treasury shares											
Sale of treasury shares	0	3	0	0	0	0	0	2	5	0	5
Stock options											
Exercise of stock options	0	3	0	0	0	0	0	0	3	0	3
Total transactions with equity holders	**0**	**6**	**0**	**0**	**0**	**0**	**0**	**-491**	**-485**	**-28**	**-513**
Balance at 31 December 2019	**1,000**	**-421**	**100**	**6**	**-194**	**5**	**4**	**2,356**	**2,856**	**142**	**2,998**
Total comprehensive income	**0**	**0**	**0**	**-2**	**-14**	**-13**	**0**	**564**	**536**	**8**	**543**
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-323	-323	0	-323
Interim dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-26	-26
Treasury shares											
Purchase of treasury shares	0	-3	0	0	0	0	0	-2	-5	0	-5
Total transactions with equity holders	**0**	**-3**	**0**	**0**	**0**	**0**	**0**	**-486**	**-489**	**-26**	**-515**
Balance at 31 December 2020	**1,000**	**-423**	**100**	**4**	**-208**	**-8**	**3**	**2,434**	**2,903**	**123**	**3,026**

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2020 were authorized for issue by the Board of Directors on 25th February 2021. They comprise the financial statements of Proximus SA, its subsidiaries, as well as the Group's interest in associates and joint ventures accounted for under the equity method and joint operations (hereafter "the Group").

Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium. The transformation of Proximus SA from "Autonomous State Company" into a "Limited Liability Company of Public Law" was implemented by the Royal Decree of 16 December 1994. Proximus SA headquarters are located at Boulevard du Roi Albert II, 27 1030 Brussels, Belgium.

The Board of Directors, the Chief Executive Officer and the Executive Committee assess the performance and allocate resources based on the customer-oriented organization structured around the following reportable operating segments.

- The Consumer Business Unit (CBU) sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers and small offices as well as ICT-services mainly on the Belgian market;
- The Enterprise Business Unit (EBU) sells ICT and Telecom services and products to medium and corporate enterprises. These ICT solutions, including telephone services, are marketed mainly under the Proximus, and Telindus brands, on both the Belgian and international markets;
- Carrier & Wholesale Services (CWS) sells services to other telecom and cable operators;
- International Carrier Services (ICS) is responsible for international carrier activities;
- Customer Unit Operations (CUO) provides related customer operations. This segment is reported internally separately but its Direct Margin is included in the Consumer Segment for external reporting purposes;
- Other Business Units that are reported internally separately but combined in one for external reporting purposes
    - The Network Unit (NBU excluding CWS) centralizes all the network and network related IT services and costs and provides services to CBU, EBU and CWS;
    - Digital Transformation and IT (DTI): leads and transforms the digital front-end and digital products of Proximus and optimizes the Proximus IT and full data landscape;
    - Staff and Support (S&S) brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate that support the Group's activities.

The Operating expenses of all Business Units except ICS are combined for external reporting purposes.

The number of employees of the Group (in full time equivalents) amounted to 12,931 at 31 December 2019 and 11,423 at 31 December 2020.

For the year 2019, the average headcount of the Group was 159 management personnel 11,934 employees and 914 workers; for the year 2020 the average headcount of the Group was 161 management personnel 10,667 employees and 716 workers.

Note 2. Significant accounting policies

Basis of preparation

The accompanying consolidated financial statements as of 31 December 2020 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

Changes in accounting policies

The Group does not anticipate the application of standards and interpretations. The accounting policies applied are consistent with those of the previous financial years except that the Group applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2020 and that are detailed as follows:

New standards and Amendments to standards:

- Amendments to references to the Conceptual Framework in IFRS standards;
- Amendments to IFRS 3 - Definition of a business;
- Amendments to IAS 1 and IAS 8- Definition of Material;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 1

The adoption of these new and amended standards has limited impacts on the financial statements of the Group.

Alternative Performance Measures

The Group uses so called "Alternative Performance Measures" ("APM") in the financial statements and notes. An APM is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework (IFRS). A glossary describing these is included in the section "Management Discussion" of the Consolidated Management Report. They are consistently used over time and when a change is needed, comparable information is restated.

Basis of consolidation

Note 8 lists the Group's subsidiaries, joint operations, joint ventures and associates. Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Intercompany balances and transactions and resulting unrealized profits or losses between Group companies are eliminated in full in consolidation. When necessary, accounting policies of subsidiaries are adjusted to ensure that the consolidated financial statements are prepared using uniform accounting policies.

Changes in Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Joint operations are joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Arrangements of which the design and purpose is such that the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement are recognized as joint operations.

When the Group undertakes its activities under joint operations, the Group recognizes its share in the assets and liabilities based on its ownership interest, its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in these consolidated financial statements using the equity method.

Associated companies are companies in which the Group has a significant influence, defined as an investee in which Proximus has the power to participate in its financial and operating policy decisions (but not to control the investee). These investments are also accounted for using the equity method.

Under the equity method, the investments held in associates or joint venture are initially recognized at cost and the carrying amount is subsequently adjusted to recognize the Group's share in the profit or losses or other comprehensive income of the associate or joint venture as from the date of acquisition. These investments and the equity share of results for the period are shown in the balance sheet and income statement as respectively, investments in associates and joint ventures, and share in the result of the associates and joint ventures.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between, on the one hand the carrying amount of the associate or joint venture at the date the use of the equity method is discontinued and on the other hand the fair value of any retained interest and any proceeds of disposing of part of the interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests

Business Combinations

Acquisitions of businesses are accounted using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

At acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at that date. This includes fair valuing the unrecognized assets and liabilities in the balance sheet of the acquiree, which concerns mainly customer bases and trade names.

Non-controlling interests may be initially measured either at fair value or at the proportionate share of the recognized amounts of the acquiree' s identifiable net assets. The choice of the measurement principle is made on a transaction by transaction basis.

Judgments and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.

Judgments and estimates that are made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates, as well as existing accounting rules and guidance in domains where there is limited authoritative literature). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

The main impacts of Covid-19 on Proximus Group are disclosed in the sections Management Discussion and Risk Management of the Consolidated Management report. Proximus reassessed the extent to which, amongst other facts, the high degree of uncertainty and any sudden changes in the short-term economic outlook are expected to result in impacts for the Group. It is concluded that COVID-19 had limited impact on the significant judgements and estimates mentioned below and that as part of this exercise, no new judgements and estimates were identified.

Critical judgements in applying the Group accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Revenue recognition under IFRS 15

Under IFRS 15, the transaction price is allocated to the identified performance obligations in the contract based on their relative standalone selling prices. Judgement is required in determining the stand-alone price and the transaction price considering the contract duration.

- Determination of the contract duration

To define the duration of its contracts the Group considered the contractual period in which the parties to the contract have present enforceable rights and obligations. A contract has a duration when it includes a substantive termination payment. The duration runs until the termination payment is not due anymore. If there is no substantive termination payment clause, the Group concluded that the contract has no duration (i.e. open-ended contracts).

- Determination of the stand-alone selling price

In situations where the stand-alone selling price is not directly observable, the Group assesses it using all information (including market conditions, Proximus-specific factors and information about the customer or class of customer) that is reasonably available to it. This situation occurs mainly in the context of combined offers with subsidized devices, for which a cost-plus approach method is applied to one of the components.
Discounts granted because a customer entered into a contract, are allocated to all performance obligations triggering the granting of the discount.

- Identification of performance obligations

Identification of the performance obligations requires judgment and in-depth understanding of the promises in the contract and how they interact with each other.

Leases under IFRS 16

- Determining whether an arrangement contains a lease

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control use of an identified asset for a period of time in exchange for consideration. For some contracts, significant judgment is required to assess whether a contract conveys the right to use an asset or is instead a contract for a service that is provided using that asset.

- Lease term

When the Group acts as lessee the lease term consists of the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.
Significant judgement is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Functional currency of the Group entities

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates. Management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions. The current assessment of management about the functional currency of the wholly owned US subsidiary of Belgacom International Carrier Services NV/SA, a subsidiary of Proximus SA/NV TeleSign is US Dollar.

Control in BICS

Note 8 describes that BICS is a subsidiary of the Group held with 57.6% of the shares and 57.6% of the voting rights to the company shareholders' meeting.

The shareholders agreement with BICS foresees decision-making rules and a deadlock procedure in force as from 1 January 2010. Thanks to these rules and procedures, the Group concluded in the past that it controlled BICS. This conclusion remains valid when applying IFRS 10 "Consolidated Financial Statements" (effective on 1 January 2014), even when considering potential barriers to exercise control on BICS.

Income tax

On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid. BICS has applied such tax ruling for the period 2010-2014. BICS has paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favour of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the European Court of Justice (ECJ) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened separate in-depth investigation into 39 individual excess profit rulings including the excess profit rulings obtained by BICS. The individual opening decisions were eventually published on 31 August 2020. BICS submitted its comments to the Commission on 29 September 2020. Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

Key sources of estimation uncertainty

Claims and contingent liabilities (see note 34)

Related to claims and contingencies, judgment is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outflow of economic resources. This judgment is reviewed when new information becomes available and with support of outside experts advises.

Recoverable amount of cash generating units including goodwill

In the context of the impairment test, the key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 3 (Goodwill).

Actuarial assumptions related to the measurement of employee benefit obligations and plan assets

The Group holds several employee benefit plans such as pension plans, other post-employment plans and termination plans. In the context of the determination of the obligation, the plan asset and the net periodic cost, the key assumptions that are used are discussed in note 11 (Assets and liabilities for pensions, other post-employment benefits and termination benefits).

Foreign currency translation

Foreign currency transactions are recognized in functional currency on initial recognition, at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the balance sheet date using the exchange rate at that date. Net exchange differences on the translation of monetary assets and liabilities are classified in “non-workforce expenses” in the income statement in the period in which they arise.

Foreign operations

Some foreign subsidiaries operating in non-EURO countries are considered as foreign operations that are integral to the operations of the reporting enterprise. Therefore, monetary assets and liabilities are translated using the exchange rate at balance sheet date, non-monetary assets and liabilities are translated at the historical exchange rate, except for non-monetary items that are measured at fair value in the domestic currency and that are translated at the exchange rate when the fair value was determined.

Revenue and expenses of these entities are translated at the weighted average exchange rate. The resulting exchange differences are classified in “non-workforce expenses” in the income statement.

For other foreign subsidiaries operating in non-EURO countries, assets and liabilities are translated using the exchange rate at balance sheet date. Revenue and expenses of these entities are translated at the weighted average exchange rate. The resulting exchange differences are taken directly to a separate component of equity. On disposal of such entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, over the net fair value of identifiable assets, liabilities and contingent liabilities acquired in business combination. When the Group obtains control, the previously held interest in the acquiree, if any, is re-measured to fair value through the income statement.

When the net fair value, after reassessment, of identifiable assets, liabilities and contingent liabilities acquired in a business combination exceeds the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, this excess is immediately recognized in income statement as a bargain purchase gain.

Changes in a contingent consideration included in the consideration transferred are adjusted against goodwill when they arise during the provisional purchase price allocation period and when they relate to facts and circumstances existing at acquisition date. In other cases, depending if the contingent consideration is classified as equity or not, changes are taken into equity or in the income statement.

Acquisition costs are expensed, and non-controlling interests are measured at acquisition date either at their value or at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Goodwill is stated at cost and not amortized but subject to an annual impairment test at the level of the cash generating unit to which it relates and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired. An impairment loss recognized for goodwill is never reversed in subsequent periods, even if there are indications that the impairment loss may no longer exist or may have decreased.

Goodwill is expressed in the currency of the subsidiary to which it relates and is translated to EUR using the year end exchange rate.

Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication ("GSM") license, the Universal Mobile Telecommunication System ("UMTS") license, 4G licenses, customer bases, patents and trade names acquired in business combinations, internally developed software and other intangible assets such as football rights and broadcasting rights and externally developed software.

The Group capitalizes certain costs incurred in connection with developing or purchasing software for internal use when they are identifiable, when the Group controls the asset and when future economic benefits from the asset are probable. Software costs are included in internally generated and other intangible assets and are amortized over three to five years.

Proximus' accounting policy is to capitalize broadcasting rights of sport seasons as intangible asset at the start of each new season as this is the moment at which the license becomes available for broadcasting to air. Future payment commitments related to future seasons are disclosed as contractual commitments in the notes (see note 34). The company continues to monitor the related accounting rules and guidance in this domain where there is limited authoritative literature.

Intangible assets with finite life acquired separately are measured on initial recognition at cost. Only the fixed portion of the consideration is capitalized, except for intangible assets acquired with different pricing structure over time. For these assets both the fixed as the estimated variable consideration is capitalized at acquisition date. When the carrying amount of the financial liability is subsequently re-measured the cost of the asset is adjusted. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses. The residual value of such intangible assets is assumed to be zero.

Customer bases and trade names acquired in business combinations are straight-line amortized over their estimated useful life (3 to 20 years). Except when the use of an asset is limited in time, for contractual reasons or reflecting the management intention on the use of the asset, the duration of an asset's useful life is set at acquisition date, for each asset individually, in such a way that the expected cumulated discounted cash flows generated by the concerned asset over its useful life represent approximately 90% of the total cumulated discounted cash flows expected from the asset.

GSM, UMTS and 4 G licenses, other intangible assets and internally generated assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization commences when the intangible asset is ready for its intended use. The licenses' useful lives are fixed by Royal Decree and they range from 5 to 20 years.

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
GSM (2G)	5 to 6
UMTS (3G)	16
LTE (4G)	15
800 Mhz (4G)	20
Customer bases, trade names, patents and software acquired in a business combination	3 to 20
Software	5
Broadcasting rights for sport seasons	Over the duration of the season
Rights to use, and other broadcasting rights	Over the contract period (usually from 2 to 5)

The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment

Property, plant and equipment including assets rented to third parties through operating leases, are presented according to their nature and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses when it does not extend the life of the asset or does not significantly increase its capacity to generate revenue. The cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the item.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation of an asset begins when the asset is ready for its intended use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The useful lives are assigned as follows:

	Useful life (years)
Land and buildings	
Land	Indefinite
Buildings and building equipment	22 to 33
Facilities in buildings	3 to 10
Leasehold improvement and advertising equipment	3 to 10
Technical and network equipment	
Cables and ducts	15 to 20
Switches	8 to 10
Transmission	6 to 8
Radio Access Network	6 to 7
Mobile sites and site facility equipment	5 to 10
Equipment installed at client premises	2 to 8
Data and other network equipment	2 to 15
Furniture and vehicles	
Furniture and office equipment	3 to 10
Vehicles	5 to 10

The asset's residual values, useful life and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs of material, workforce and non-workforce expenses are shown net of work performed by the enterprise that is capitalized in respect of the construction of property, plant and equipment.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Contract costs

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission paid to dealers relating to postpaid contracts. Contract costs are recognized as non-current assets as the economic benefits from these assets are expected to be received in the period longer than twelve months.

Contract costs relating to postpaid contracts are deferred on a systematic basis that is consistent with the transfer to the customer of the services, being the time, at which related revenue is recognized. The group adopted a portfolio approach for the contract costs. Contract costs relating to the CBU segment are deferred over three years and for the EBU segment five years.

All other commissions are expensed when incurred.

Impairment of non-financial assets

The Group reviews the carrying value of its non-financial assets at each balance sheet date for any indication of impairment.

The Group compares at least once a year the carrying value with the estimated recoverable amount of intangible assets under construction and cash generating units including goodwill. The Group performs this annual impairment test during the fourth quarter of each year.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds the estimated recoverable amount, being the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use for the Group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses on goodwill, intangible assets and property, plant and equipment are recorded in operating expenses. An assessment is made at each balance sheet date as to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, impairment losses in respect of assets other than goodwill are reversed in order to increase the carrying amount of the asset to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement in operating expenses.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their respective taxation bases.

Deferred tax assets associated to deductible temporary differences and unused tax losses carried forward are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized in the income statement except to the extent that they relate to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans to which the contributions are made through separately managed funds. The Group also agreed to provide additional post-employment benefits to certain employees. The cost of providing benefits under the plans is determined separately for each plan using the projected credit unit actuarial valuation method. Actuarial gains and losses are recognized through Other Comprehensive Income (equity). Any past service cost and gain or loss on settlement is recognized in income statement when they occur.

When applying the IAS 19 revised, the Group decided to classify the periodic cost in operating and financing activities for their respective components.

The Group also operates several defined contribution plans. For plans with guaranteed minimum return management applied the 'Projected Unit Credit 'method.

The discount rate used to calculate the present value of the plans reflects the market yields on high-quality corporate bonds. To determine the underfunding this is compared to the plan assets.

The Group operates several restructuring programs that involve termination benefits or other forms of additional compensation. Voluntary termination benefits to encourage employees to leave service are recognized when employees accept the offer of those benefits. Involuntary termination benefits are recognized when the Group has communicated its plan of termination to the affected employees and the plan meets specified criteria.

Benefits conditional on future service being provided do not quality as termination benefits but as long-term employee benefits. The liability for those benefits is recognized over the period of the future service.

The actuarial gains and losses on the liabilities for restructuring programs are recognized in the income statement when incurred.

Short-term and long-term employee benefits

The cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

Financial instruments

Classification

The Group classifies its financial assets in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At fair value through other comprehensive income ("FVTOCI"); or
- At amortized cost.

The Group classifies its financial liabilities in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At amortized cost.

Financial assets

The Group determines the classification of the financial assets at initial recognition. The classification is driven by the Group's business model for managing the financial assets ('hold to collect', 'hold to collect and sell' and 'other') and their contractual cash flow characteristics (Solely payments of Principal and Interest "SPPI" test i.e. whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding).

If a non-equity financial asset fails the SPPI test, the Group classifies it at Fair Value Through Profit or Loss (FVTPL). If it passes the SPPI test, it will either be classified at amortized cost if the 'hold to collect' business model test is met, or at Fair Value Through Other Comprehensive Income (FVTOCI) if the 'hold to collect and sell' business model test is met.

For equity financial assets other than interests in subsidiaries, associates and joint ventures, the Group makes at initial recognition an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI or FVTPL.

The equity investments held for trading are always designated at FVTPL.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Measurement

- Financial assets at FVTOCI

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, with no subsequent recycling to the income statement.
Accumulated remeasurements on disposal or settlements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.
The Group holds no other investment measured at FVTOCI.
Dividend income is recognized in the income statement.

- Financial assets and liabilities at amortized cost.

Financial assets, other than trade receivables, and liabilities at amortized cost are initially recognized at fair value plus or minus directly attributable transaction costs. Trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component.
These financial instruments are subsequently carried at amortized cost using the effective interest rate method less any impairment, if applicable.

- Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities are included in the consolidated net (loss) income in the period in which they arise.
The Group has not designated financial liabilities at FVTPL (FV option). Derivatives are measured at FVTPL.

Expected credit losses

The Group applies the forward-looking expected credit loss (ECL) model.

The ECL model considers all losses that result from all possible default events over the expected life of the financial instrument (life-time expected credit losses) or that result from possible default events over the next 12 months (12-month expected credit losses), depending on whether the credit risk of the financial asset has increased significantly since initial recognition or not (the general ECL model).

Proximus recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs. Same treatment is applied to contract assets resulting from the application of IFRS 15 and lease receivables, even though these are not classified as financial assets.

At each reporting date, the Company measures the loss allowance for these assets.

The Group has limited trade receivables with financing component. The Group applies a simplified method and measures the loss allowance at an amount equal to the lifetime expected credit losses, for all trade receivables, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including information that is forward-looking.

For CBU and EBU receivables, the payment delays compared to the contractual due dates and the status of the legal actions taken to recover the receivables due are the main information considered to assess whether credit risk has increased significantly since initial recognition. A provision matrix is used.

For the ICS segment, the Group considers experience and reasonable and supportable information about future expectations to define provision rates on an individual rate" base.

Following indicators are used:

- an actual or expected significant deterioration of the customer's external (if available) or internal credit rating;
- significant deterioration of the country risk in which the customer is active;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The same methodology is applied for contract assets.

For financial assets at amortized costs, contract assets and lease receivables, allowances and impairment are recognized in profit or loss.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are assumed not recoverable by external recovery agency, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Criteria for initial recognition and for de-recognition of financial assets and liabilities
Financial assets and liabilities are initially recognized when the Group becomes party to the contractual terms of the instruments. "Regular way" ("spot") purchases and sales of financial assets are accounted for at their settlement dates.

Financial assets (or a portion thereof) are derecognized only when the contractual rights to cash flows from the financial assets expire. For equity investments, the accumulated remeasurements to fair value in other comprehensive income are reclassified to retained earnings on de-recognition.

Financial liabilities (or a portion thereof) are de-recognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the income statement.

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

- For equity investments in quoted companies and mutual funds, the fair value is their quoted price;
- Investments in non-quoted companies are measured at Fair value. Fair value is estimated by reference to recent sale transactions on the shares of these non-quoted companies and, in the absence of such transactions, by using different valuation techniques such as discounted future cash flow models and multiples methods.
- For long-term debts carrying a floating interest rate, the amortized cost is assumed to approximate fair value;
- For long-term debts carrying a fixed interest rate, the fair value is determined based on the market value when available or otherwise based on the discounted future cash flows;
- For derivatives, fair values are estimated by either considering their quoted price on an active market, and if not available by using different valuation techniques, in particular the discounting of future cash flows.

Criteria for offsetting financial assets and liabilities

Where a legally enforceable right of offset currently exists for recognized financial assets and liabilities, and Proximus has the intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all amounts in the statement of financial position are offset.

Trade receivables

Trade receivables are shown on the balance sheet are initially recognized at contract price and subsequently at amortized costs (SPPI model applies) less the allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash, current bank accounts and term accounts with a maturity on acquisition of less than three months. These assets are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost.

Interest-bearing liabilities

All loans and borrowings are initially recognized at their cost which generally corresponds to the fair value of the consideration received (net of issuance costs associated with the borrowings).

After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through the income statement.

Derivatives

The Group does not hold or issue derivative financial instruments for trading purposes but some of its derivative contracts do not meet the criteria set by IAS 39 to be subject to hedge accounting and are therefore treated as derivatives held-for-trading, with changes in fair value recorded in the income statement.

The Group makes use of derivatives such as IRCS, forward foreign exchange contracts and currency options to reduce its risks associated with foreign currency fluctuations on underlying assets, liabilities and anticipated transactions. The derivatives are carried at fair value under the captions other assets (non-current and current), interest-bearing liabilities (non-current and current) and other payables (non-current and current).

An IRCS is used to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt denominated in JPY. The Group does not apply hedge accounting for this derivative.

This long-term debt expressed in JPY includes an embedded derivative. Such derivative is separated from its host contract and carried at fair value with changes in fair value recognized in the income statement. The mark-to-market effects on this derivative are offset by those on the IRCS.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income and gradually reclassified to profit or loss in the same period as the hedged item.

As from September 2011, the Group started contracting derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applies cash flow hedge accounting; the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The other forward exchange contracts do not qualify for hedge accounting and are consequently carried at fair value, with changes in fair value recognized in the income statement through financial result except when the underlying is recognized in the balance sheet and relates to costs recorded in operating income or to capitalized expenditures. In this case, changes in fair value are recognized in the income statement through operating income.

Net gains and losses on financial instruments

Dividends, interest income and interest charges arising from financial instruments are posted to the finance income (costs).

Remeasurements of financial instruments carried at FVTPL are accounted for as finance income (costs) when the instruments relate to financing activities.

Remeasurements of the financial instruments carried at FVTPL that relate to operating or investing activities (other than mentioned above), are accounted for as other operating income (expenses).

Accumulated remeasurements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

Net gains and losses on derivatives used to manage foreign currency exposure on operating activities that do not qualify for hedge accounting under IAS 39 are recorded as operating expenses.

Net gains and losses resulting from fair value measurement of derivatives used to manage interest rate exposure on interest-bearing liabilities that do not qualify for hedge accounting under IAS 39 are recorded in finance income/(costs).

Contract assets

A contract asset is the Group's right to consideration in exchange for goods or services that it has already transferred to a customer and arise essentially in the context of contracts containing mobile and fix joint offer with a subsidized handset and services to be delivered over 24 months. The assets are classified as current as they are expected to be realized as part of the Group normal operating cycle.

When a contract for which a contract asset was recognized is terminated anticipatively by the customer, the net amount resulting from the contract settlement is recognized as device revenue. The compensation for the device corresponds to the unamortized part of the device when the contract is terminated.

Contract assets is a conditional right recognized on the balance sheet at cost less loss allowance, as defined on the lifetime expected credit loss model.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined based on the weighted average cost method except for IT equipment (FIFO method) and goods purchased for resale as part of specific construction contracts (individual purchase price).

For inventory intended to be sold in joint offers, calculation of net realizable value considers the future margin expected from the telecommunications services in the joint offer, with which the item of inventory is offered.

For construction contracts, the percentage of completion method is applied. The stage of completion is measured by reference to the amount of contract costs incurred for work performed at balance sheet date in proportion to the estimated total costs for the contract. Contract cost includes all expenditures directly related to the specific contract and an allocation of fixed and variable overheads incurred in connection with contract activities based on normal operating capacity.

Lease agreements

The Group assesses whether a contract is or contains a lease, at inception of the contract.

Group as a lessee (receives a right to use an asset from a supplier)
When the Group is lessee it applies a single recognition and measurement approach for all leases. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, The Group does not apply the short-term lease recognition exemption nor the low-value recognition exemption.

- Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to

future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.
The lease liabilities are included in Interest-bearing loans and borrowings (see Note 19).

- Right-of-use assets

Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Group as a lessor (grants a right to use an asset to a customer)

Leases for which the Group is a lessor are classified as finance or operating leases. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

For finance leases the Group recognizes a receivable at an amount equal to the net investment in the lease, this is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the lease payments receivable by the Group and any unguaranteed residual value accruing to the Group.

Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease rather than by reference to the underlying asset (e.g. the item of property, plant and equipment that is subject of the lease

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, considering the available evidence, it is more likely than not that a present obligation exists at the balance sheet date. The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

Certain assets and improvements that are situated on property owned by third parties must eventually be dismantled, and the property must be restored to its original condition. The estimated costs associated with dismantling and restorations are recorded under property, plant and equipment and depreciated over the useful life of the asset. The total estimated cost required for dismantling and restoration, discounted to its present value, is recorded under provisions. Where discounting is used, the increase in the provision due to the passage in time is recognized in financial expense in the income statement.

Assets and associated liabilities classified as held for sale

The Group classifies assets (or disposal group) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through a continuing use. This condition is met when the asset (or disposal group) is available for immediate sale in its present condition, the sale is highly probable and expected to occur within one year. Assets and associated liabilities held for sale (or disposal group) are recorded at the lower of their carrying value or fair value less costs to sell and are classified as current assets.

Share based payment

Equity and cash settled share-based payments to employees are measured at the fair value of the instrument at the grant date taking into account the terms and conditions upon which the rights are granted, and by using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

For equity settled arrangement the fair value is recognized in workforce expenses over their vesting period, together with an increase of the caption "stock compensation" of the shareholders' equity for the equity part and an increase of a dividend liability for the dividend part. When the share options give right to dividends declared after granting the options, the fair value of this right is re-measured regularly.

For cash settled arrangement the fair value is recognized in workforce expenses over their vesting period together with an increase in the liabilities. The liabilities are regularly re-measured to reflect the evolution of the fair values.

Contract liabilities

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due.

Revenue

Proximus assesses at contract inception the goods or services promised in a contract with a customer and identifies as Performance obligation each promise to transfer to the customer either a good or service (or a bundle of) that is distinct, either a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Performance obligations are identified when following criterial are met

- Capable of being distinct: the customer can benefit from the goods and services on its own or together with other resources readily available to the customer
- Distinct within the context of the contract: a promise within the context of the contract is distinct from other promises in the contract if Proximus considers that it fulfills its contractual obligations by delivering the concerned promise independently from the others. Promises in a context of a contract are not distinct within the context of the contract when their nature is to be transferred in combination with other promises.

Following promises can be performance obligations, depending on their natures and interdependencies with the other promises in the contract:

- Traffic and data usage services: revenue is recognized on usage
- TV services: revenue is recognized over the contractual term
- Maintenance services: recognized over the contractual term
- Sale of equipment: revenue is recognized when the customer obtains control over the equipment
- Rent of equipment: rental revenue is recognized over the contractual period

- Setup/installation/activation fees: recognized when delivered
- License of intellectual property: revenue recognized when transferred to the customer.

When these promises are not distinct, the Group combines them with other promises in the arrangement until the combined promises form a promise that is distinct (i.e. a performance obligation). Timing of revenue recognition for a Performance Obligation is based on the pattern of transfer to the customer of the predominant promise in that bundle.

When the “series guidance” applies i.e. when goods and services are distinct and substantially the same, the Group considers them as one Performance obligation. Each pricing plan – postpaid and prepaid (mobile voice, fix voice, internet, TV) is therefore considered as single performance obligation.

When contracts include different performance obligations that are not substantially the same, the transaction price is allocated to the different performance obligations of the arrangements based on their relative stand-alone selling prices. When contracts include customer options (i.e. unilateral rights granted to the customer) to acquire additional goods or services with a discount, including sales incentives, customer award points, contract renewal options or other discounts on future goods or services, revenue is allocated to these options when they provide the customer with a material right i.e. an unilateral right for the customer to obtain an advantage because he enters the contract.

When another party is involved in providing goods or services to a customer, the Group assesses for each performance obligation whether the nature of its promise is to provide the specified goods or services itself (ie the Group is a principal) or to arrange for those goods or services to be provided by the other party (ie the Group is an agent). When the Group acts as agent only the commission is recognized in revenue.

Operating expenses

The costs of materials and services related to revenues include the costs for purchases of materials and services directly related to revenue.

Work force expenses are expenses related to own employees (personnel expenses and pensions) as well as to external employees.

Operating expenses are reported net of work performed by the Group, which is capitalized. They are reported by nature.

Incremental costs to obtain a contract are deferred on a straight-line basis over 3 years for contract belonging to the CBU segment and 5 years for contracts belonging to the EBU segment.

Note 3. Goodwill

(EUR million)	Goodwill
As of 31 December 2018	2,470
Finalisation of purchase price allocation	5
Effect of movements in foreign exchange	3
As of 31 December 2019	2,477
Effect of movements in foreign exchange	-13
As of 31 december 2020	2,465

Goodwill decreased by EUR 13 million to EUR 2,465 million in 2020 due foreign currency translation impact on the goodwill relating to Teleisgn. TeleSign is the wholly owned US subsidiary of Belgacom International Carrier Services NV/SA, a subsidiary of Proximus SA/NV and has US Dollar as functional currency.

Goodwill is tested for impairment at the level of operating segments as the performance, financial position (including goodwill) and capital expenditures within the Group are being monitored at operating segment level.

For the purpose of impairment testing, goodwill acquired in a business combination is, at acquisition date, allocated to each of the Group operating segments that is expected to benefit from the business combination. Therefore, this allocation is based on the nature of the acquired customers and activities.

At 31 December 2020, all businesses acquired were fully allocated to one single operating segment, except for the goodwill resulting from the acquisition of non-controlling interests in 2007 in Belgacom Mobile, which was allocated to the Consumer Business Unit and the Enterprise Business Unit on basis of their relative value in use for the Group at 31 December 2007.

The carrying amount of the goodwill is allocated to the operating segments as follows:

	As of 31 December	
(EUR million)	**2019**	**2020**
Consumer Business Unit	1,303	1,303
Enterprise Business Unit	771	771
International Carrier Services	403	391
Total	2,477	2,465

The recoverable amount at segment level was based on the value in use estimated through a discounted free cash flow model. The key variables used in determining the value in use are:

- The operating income before depreciation and amortization (except for the International Carrier Services segment for which the direct margin is more important);
- The capital expenditures;
- The long-term growth rate;
- The post-tax weighted average cost of capital;
- The mark-up rate to be applied on staff and support services, should Proximus Group organize a full and at arm's length transfer pricing between the segments;
- The expected rate of return on NBU capital employed, allowing the determination of NBU network related costs to be invoiced to the other segments, should Proximus Group organize a full and at arm's length transfer pricing between the segments.

CBU and EBU operating income before depreciation and amortization is highly sensitive to the following operational parameters: number of customers by type of service (TV, fix….), traffic (if applicable) and net ARPU by customer for each type of service. The value attached to each of these operational parameters is the result of an internal process, conducted in each segment and at group level, by confronting data from the market, market perspectives, and the strategies Proximus intends to implement in order to be adequately prepared for upcoming challenges.

The value in use calculations for CBU and EBU are based on the Five-Year Plan (2021 to 2025), as presented by management to the Board of Directors. Subsequent years were extrapolated based on a growth rate comprised between 0% and 0.5% in 2020 and 2019. The free cash flows considered for calculating the value in use are estimated for the concerned assets in their current condition and exclude the cash inflows and outflows that are expected to arise from any future restructuring to which the Group is not yet committed and from improving or enhancing the assets performance.

The calculation of ICS recoverable amount is based on cash flows projections covering a 5 years period also taking into account projections used by potential investors in BICS shares. The value includes a terminal value based on a growth rate of 1% (versus a growth rate of 0% in 2019). Management estimates these projections are conservative.

Free cash flows of each segment were discounted with the Group post-tax weighted average cost of capital (ICS excluded) of 4.23% in 2020 and 4.9% in 2019 , with the exception of the ICS segment for which a specific post-tax weighted average cost of capital 7.99% in 2020 and 7.9% in 2019 was used, its activities being different enough from those of the rest of the Group to justify a specific calculation. CBU and EBU pre-tax weighted average cost of capital, derived from the post-tax weighted average cost of capital via an iterative method, was comprised between 5.6% and 5.7% in 2020 and 6.3% and 6.5% in 2019. The Group reviews annually the growth rate and the weighted average cost of capital in the light of the market economics.

The calculated weighted average costs of capital at Group level and for the ICS segment are based on the relative weight of their capital structure components and include a risk premium specific to their inherent risks.

None of the goodwill was impaired at 31 December 2020.

Sensitivity analysis for CBU and EBU segments demonstrates that in case of a reasonable change in one of the key assumptions, their values in use still exceed their net carrying values.

ICS segment recoverable amount, based on potential investors 5 years plan assumptions, exceeds its carrying amount by EUR 33 million. The excess of the recoverable amount over the carrying amount is reduced to nil with an increase of the post-tax weighted average cost of capital to 8.6% or a decrease of the growth rate to 0.3%, each variable considered separately. An increase of the post-tax weighted average cost of capital by 1%, taken individually, would lead to an impairment loss of EUR 24 million. A decrease of the growth rate used in the terminal value by 1%, taken individually, would lead to an impairment loss of EUR 14 million.

Note 4. Intangible assets with finite useful life

(EUR million)	GSM and UMTS licences	Intangibles acquired in a business combination	TV rights	Other intan-gible assets	Total
Cost					
As of 1 January 2019	681	911	303	2,375	4,270
Additions	8	0	91	99	199
Acquisition of subsidiary	0	6	0	0	6
Internally generated assets	0	0	0	166	166
Derecognition	-297	0	-32	-51	-380
Reclassifications	0	0	0	10	10
Foreign exchange adjustment	0	2	0	0	2
Impairment charge	0	0	0	0	0
As of 31 December 2019	391	919	363	2,600	4,273
Additions	13	0	114	131	258
Internally generated assets	0	0	0	167	167
Derecognition	0	0	-136	-74	-210
Reclassifications	0	-10	0	13	3
Effect of movements in foreign exchange	0	-7	0	-1	-8
As of 31 December 2020	404	901	341	2,836	4,483
Accumulated amortization and impairment					
As of 1 January 2019	-527	-641	-169	-1,779	-3,116
Amortization charge for the year	-33	-64	-116	-236	-449
Derecognition	297	0	32	51	381
Reclassifications	0	0	0	-7	-7
As of 31 December 2019	-263	-705	-253	-1,972	-3,193
Amortization charge for the year	-33	-52	-117	-254	-456
Derecognition	0	0	136	74	210
Reclassifications	0	10	0	-10	0
Foreign exchange adjustment	0	2	0	1	3
As of 31 December 2020	-296	-745	-234	-2,161	-3,435
Carrying amount as of 31 December 2019	128	214	110	629	1,080
Carrying amount as of 31 December 2020	108	157	107	675	1,047

The GSM and UMTS licenses acquisition value include the costs related to the Global System for Mobile communication (“GSM”) and Universal Mobile Telecommunication System (“UMTS”).

The Group possesses the following licenses in Belgium:

Year of acquisition	Description	Acquisition value (EUR million)	Net book value	Period	Payment method	Start of Amortization
1998	ILT 2238	2	0	1998 -	completed	01/01/1998
2015	900 MHz spectrum	75	2	2015 - 2021	over the period	08/04/2015
2001	UMTS	150	0	2001 - 2021	completed	01/06/2004
2011	4G	20	9	2012 - 2027	completed	01/07/2012
2013	800 Mhz spectrum	120	77	2013 - 2033	over the period	30/11/2013
2014	900 MHz spectrum	16	0	2015 - 2021	over the period	27/11/2015
2019	800 Mhz sepctrum	2	1	2019-2027	bi-annual	01/01/2019
2019	900 MHz spectrum	2	1	2019-2027	bi-annual	01/01/2019
2019	1800 Mhz spectrum	2	2	2019-2027	bi-annual	01/01/2019
2019	2100 Mhz spectrum	2	1	2019-2033	bi-annual	01/01/2019
2019	2600Mhz spectrum	1	1	2019-2027	bi-annual	01/01/2019
2020	800Mhz spectrum	6	6	2020-2035	upfront+yearly	01/10/2020
2020	3600Mhz spectrum	8	7	2020-2035	upfront+yearly	01/10/2020
	Total	404	108			

Intangible assets acquired in a business combination relate to customer bases, trade names and patents recognized mainly as a result of the purchase price allocation performed when the Group acquired control over BICS and TeleSign

In 2020 the Group acquired TV rights for an amount of EUR 114 million mainly broadcasting rights. In July 2020 Proximus and Eleven entered into an agreement whereby Proximus acquired the right to broadcast to its customers Eleven's Pro League specific channels (national). The contract is signed for a duration of 5 years. The contract with Eleven related to international football events was extended until 2025. An intangible asset is capitalized for the broadcasting rights related to the season 2020/2021. Future payment commitments related to future seasons are disclosed as capital expenditures commitments in the note 34.

Internally generated assets (EUR 167 million) included in the other intangible assets mainly relate to development expenditures for internally developed software (mainly billing an ordering related). The aggregate amount of research expensed for this internally generated software during 2020 amounts to EUR 10 million.

Other intangible additions also included in the other intangible assets (EUR 131 million) contain mainly software development and software licenses.

Note 5. Property, plant and equipment

(EUR million)	Land and buildings	Technical and network equipment	Other tangible assets	Assets under construction	Total
Cost					
As of 1 January 2019	556	11,214	361	16	12,147
Additions	8	625	16	20	670
Derecognition	-24	-512	-17	0	-553
Reclassifications	5	-5	2	-12	-10
As of 31 December 2019	546	11,321	363	24	12,254
Additions	7	591	15	16	628
Derecognition	-8	-354	-26	0	-388
Reclassifications	-6	20	10	-27	-3
As of 31 December 2020	538	11,578	361	13	12,490
Accumulated depreciation and impairment					
As of 1 January 2019	-310	-8,468	-316	0	-9,093
Depreciation charge for the year	-21	-548	-20	0	-589
Derecognition	19	512	17	0	548
Reclassifications	0	8	-1	0	7
As of 31 December 2019	-311	-8,495	-320	0	-9,127
Depreciation charge for the year	-20	-540	-19	0	-579
Derecognition	7	353	25	0	385
Reclassifications	2	2	-4	0	0
As of 31 December 2020	-322	-8,680	-318	0	-9,320
Carrying amount as of 31 December 2019	234	2,826	42	24	3,127
Carrying amount as of 31 December 2020	216	2,898	43	13	3,169

This Covid-year has proved how resilient Proximus' networks are and how continuous investment in its transport network enabled to cope with sudden increases in customer usage. At the end of the year, Proximus started to ramp-up investments in fibre and in digital transformation while Mobile investment have been more focussed ahead of the coming Mobile network upgrade and consolidation.

In 2020, the Group sold buildings and realised a gain on disposal of these buildings of EUR 1 million.

Note 6. Leases

The Group leases several assets including buildings, real estate and facilities to install pylons and mobile communication equipment and fleet. These leases generally have lease terms between 4 and 15 years. The average lease term is 8.8 years.

The carrying amounts of right-of-use assets recognized and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Total
As of 1 January 2019	112	113	50	10	285
New contracts	57	9	28	2	97
Depreciations	-30	-25	-21	-5	-82
Contract modifications/disposals/reassessments	14	-4	-3	0	7
As of 31 December 2019	153	93	54	6	307
New contracts	11	6	14	0	31
Depreciations	-26	-29	-23	-4	-82
Contract modifications/disposals/reassessments	7	20	0	2	29
As of 31 December 2020	145	91	45	4	285

In 2019 new contracts mainly related to the new lease contract entered in by the Group for the head office in Bertrange -Luxembourg for a duration of 15 years and for which a right of use of EUR 38 million was recognized.

In 2019 the contract modifications mainly related to the extension of the leasing contract for the building in Mechelen for a period of 11 years and for which the right of use was increased with 11 million EUR.

In 2020 the contract modifications are mainly related to the extension of mobile sites contracts. For the buildings the modifications are linked to the extension of the Courcelles warehouse contract for an amount of EUR 5 million.

The carrying amounts of lease liabilities and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Sub-leases	Total
As of 1 January 2019	107	108	50	10	5	280
New contracts	57	9	28	2	0	97
Contract modifications/disposals/reassessments	14	-3	-3	0	0	7
Interest expense	1	1	0	0	0	2
Reimbursements	-31	-25	-21	-5	2	-80
As of 31 December 2019	148	91	54	7	8	307
New contracts	11	6	14	0	0	31
Contract modifications/disposals/reassessments	11	15	0	1	1	28
Interest expense	1	1	0	0	0	2
Reimbursements	-27	-30	-24	-4	0	-84
As of 31 December 2020	144	83	44	5	8	284
Current portion						68
Non current portion						216

There a no material cash outflows in 2020 relating to leases that have not commenced on 31 December 2020.

(EUR million)	2019	2020
The following are the amounts recognized in profit or loss:		
Depreciation	-82	-82
Interest expenses	-2	-2
Total	-84	-84
The Group had total cash outflows for leases of		
Repayment of lease liabilities (cash out for financing activities)	-78	-82
Interest expenses (in the operating cash flow)	-2	-2
Total	-80	-84

Note 7. Contract cost

Contract costs include mainly the asset recognized in relation to commissions paid to dealers for the acquisition of post-paid contracts. These costs directly related to contracts, are incurred only because the Group entered into contracts and are expected to be recovered. Contract costs include also the expenses activated to ensure the matching principle with revenue. These activated expenses are taken to profit and loss at the same pace as the recognition of the related revenue.

For commissions related to the acquisition of mobile prepaid customers, the Group applies the practical expedient provided for in IFRS 15, allowing to expense as incurred incremental costs to obtain a contract if otherwise would have been deferred over one year or less.

The asset is deferred on a straight-line basis over 3 years for contracts belonging to CBU segment and 5 years for EBU segment. The deferral of these costs is recognized according to their nature being 'cost of material and services related to revenue'.

Movements on contract costs are as follows:

	As of 31 December	
(EUR million)	2019	2020
Balance at 1 January	116	113
Decrease/ Increase in contract assets relating to existing contracts in the opening balance		
Normal evolution	-69	-68
New contract assets	67	63
Balance at 31 December	113	108

The portion of the balance as at 31 December 2019 and 2020 of the contract costs deferred less than one year and deferred more than one year are as follows:

	As of 31 December	
(EUR million)	2019	2020
Contract costs	113	108
Deferred within 12 months	57	55
Deferred beyond 12 months	56	54

Note 8. Investments in subsidiaries, joint operations, joint ventures and associates

Note 8.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	2019	2020
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium	Mother company	
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxemburg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931.965	Belgium	100%	100%
Proximus Media House (PmH)	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium (7)	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT	The Netherlands	100%	100%
Proximus Luxembourg SA	18 rue du Puits Romain 8070 Bertrange	Luxemburg	100%	100%
Telectronics SA	2 Rue des Mines 4244 Esch sur Alzette	Luxemburg (5)	100%	0%
Proximus Luxembourg Technology Services BV	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0736 857 035	Belgium (3)	100%	0%
Beim Weissenkreuz SA	Route d'Arlon 81– 83 8009 Strassen	Luxemburg (5)	100%	0%
Proximus ICT SA	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium (2)	100%	100%
Proximus ICT - Expert Community CVBA	Ferdinand Allenstraat 38 3290 Diest VAT BE 0841.396.905	Belgium	81%	82%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861.585.672	Belgium	100%	100%
Be-Mobile SA	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0881.959.533	Belgium (6)	93%	93%
Mediamobile Nordic OY	Äyritie 8B 01510 Vantaa, Finland FI 23364202	Finland	100%	100%
Mediamobile SA	Rue du Gouverneur Général Eboué 24 F-92130 Issy Les Moulineaux	France	100%	100%
Flitsmeister BV	Landjuweel 24 3905 PG Veenendaal	The Netherlands	93%	93%

Name	Registered office	Country of incorporation	2019	2020
Cascador BVBA	Kardinaal Mercierlaan 1, bus A 9090 Melle VAT BE 0648 964 048	Belgium (4)	100%	100%
Scarlet Belgium NV	Carlistraat 2 1140 Evere VAT BE 0447.976.484	Belgium	100%	100%
Clearmedia NV	Merksemsesteenweg 148 2100 Deurne VAT BE 0831.425.897	Belgium	100%	100%
Davinsi Labs NV	Borsbeeksebrug 28/2verd 2600 Antwerpen VAT BE 0550.853.793	Belgium	100%	100%
Unbrace Bvba	Merksemsesteenweg 148 2100 Deurne VAT BE 0867.696.771	Belgium	100%	100%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor , Lislet, Geoffrey Street Port Louis 1112-07	Mauritius (1)	58%	58%
Belgacom International Carrier Services SA	Bld du Roi Albert II 27 1030 Brussels VAT BE 0866.977.981	Belgium (1)	58%	58%
Belgacom International Carrier Services Deutschland GMBH	Eichweisenring 11 70567 Stuttgart	Germany (1)	58%	58%
Belgacom International Carrier Services UK Ltd	Great Bridgewaterstreet 70 M1 5ES Manchester	United Kingdom (1)	58%	58%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 173, unit 41 32 3072 AP Rotterdam	The Netherlands (1)	58%	58%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801 Willington Delaware	United States (1)	58%	58%
Belgacom International Carrier Services Asia Pte Ltd	16, Collyer Quay # 30.02 Singapore 049318	Singapore (1)	58%	58%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211 Lisboa	Portugal (1)	58%	58%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121 Milano	Italy (1)	58%	58%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28034 Madrid	Spain (1)	58%	58%
Belgacom International Carrier Services Switzerland AG	Papiermühlestrasse 73 3014 Bern	Switzerland (1)	58%	58%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	58%	58%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	58%	58%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 Tsukiji 4 - Chome - Chuo-ku Tokyo 104-00	Japan (1)	58%	58%

Name	Registered office	Country of incorporation	2019	2020
Belgacom International Carrier Services China Ltd	Hopewell Centre - level 54 183, Queen's road East Hong Kong	China (1)	58%	58%
Belgacom International Carrier Services Ghana Ltd	Box GP 821 Accra	Ghana (1)	58%	58%
Belgacom International Carrier Services Australia Pty Ltd	1 Margaret Street - Level 11 Sydney NSW 2000 Australia	Australia (1) '(3)	58%	58%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premises 306 - Floor 03- Building 02 -PO box Dubai	United Arab. Emirates (1)	58%	58%
Belgacom International Carrier Services South Africa Proprietary Ltd	The promenade shop 202 D - Victoria Road Camps Bay 8005	South Africa (1)	58%	58%
Belgacom International Carrier Services Kenya Ltd	LR-N° 204861, 1st Floor Block A Nairobi Business Park-Ngong Road PO BOX 10643 - 00100 Nairobi	Kenya (1)	58%	58%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris	France (1)	58%	58%
TeleSign Holdings Inc	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States (1)	58%	58%
TeleSign Corporation	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States (1)	58%	58%
TeleSign UK	Evershed House 70 Great Bridgewater Street Manchester M1 5ES	United Kingdom (1)	58%	58%
TeleSign Mobile Ltd	Evershed House 70 Great Bridgewater Street Manchester M1 5ES	United Kingdom (1)	58%	58%
TeleSign Doo	Tresnjinog cveta 1 11070 Novi Beograd	Serbia (1)	58%	58%
TeleSign Netherlands B.V.	4th Floor 210 High Holborn London WC1V 7DL	United Kingdom (1)	58%	58%
TeleSign Singapore Pte. Ltd.	1 Robinson Road, #17-00 AIA Tower Singapore (048542)	Singapore (1)	58%	58%
TeleSign (Beijing) Technology Co., Ltd.	Office 1551, 15/F, Office Building A, Parkview Green, 9 Dongdaqiao Road, Chaoyang District Beijing 100020	P.R. China (1)	58%	58%
Codit Holding BVBA	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 662.946.401	Belgium	100%	100%
Codit BVBA	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0471.349.823	Belgium	100%	100%
Codit Switzerland AG	Thurgauerstrasse 101 8152-Glattpark(Opfikon) VAT CHE-335.776.516	Switzerland	100%	100%

Name	Registered office	Country of incorporation	2019	2020
Codit Integration Ltd.	Landmark House, Station Road RG27 9HA Hook (Hampshire) VAT GB 241.5781.10	United Kingdom	100%	100%
Codit Managed Services BVBA	Gaston Commenlaan 14, box 301 9050 Ledeberg VAT BE 0835.734.875	Belgium	100%	100%
CODIT Mare Limited	International House, Mdina Road BKR 3000 Mriehel C55412	Malta	100%	100%
Codit Nederland B.V	Atoomweg 350, 3542AB Utrecht	The Netherlands	100%	100%
Votijnit Lda. (Codit Portugal)	Rua de Igreja n° 79-Aveiro Business Center N Senhora de Fatima 3810-744 Aveiro NIPC 510.595.251	Portugal	100%	100%
Codit Software Limited	International House, Mdina Road BKR 3000 Mriehel C64225	Malta	100%	100%
Codit France S.A.S.	Rue de la Michodière 4 75002 Paris VAT FR 0478.300.189	France	100%	100%
AXON Olympus	Atoomweg 350 3542AB Utrecht 6171872	The Netherlands	100%	100%
UMBRiO Holding BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands	100%	100%
UMBRiO BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands (8)	100%	0%
UMBRiO Consulting BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands (8)	100%	0%
UMBRiO University BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands (8)	100%	0%
MWingz BV	Bld Simon Bolivar 34 1000 Bruxelles VAT BE 0738.987.372	Belgium (3)	50%	50%

(1) Entity of BICS Group
(2) Previously named Proximus Spearit SA
(3) Entity established in 2019
(4) Entity acquired in 2019
(5) Entity merged with Proximus Luxembourg
(6) See note 8.2
(7) Previously named Skynet iMotion Activities SA
(8) Entity merged with Umbrio Holding BV

Codit Integration Limited, a 100% UK subsidiary (registered number 10133169) included in the consolidated accounts, is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of this Act and Proximus NV has guaranteed this subsidiary’s liabilities at the year-end for the purposes of this audit exemption.

Note 8.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

Only Belgacom International Carrier Services SA (BICS SA) and its subsidiaries have material non-controlling interests.

Detail of non-wholly owned subsidiaries of the Group that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		As of 31 December	As of 31 December	As of 31 December		As of 31 December	
		2019	2020	2019	2020	2019	2020
BICS (segment)	Belgium	42%	42%	19	18	142	123
Total				19	18	142	123
Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests							
BICS (segment)							
Current assets		578	523				
Non-current assets		718	660				
Current liabilities		556	503				
Non-current liabilities		154	137				
Equity attributable to owners of the company		586	543				
Revenue (total)		1,301	1,194				
Expenses (operating)		-1,145	-1,060				
Profit for the year		46	42				
Profit attributable to owners of the company		26	24				
Profit attributable to the non-controlling interests		19	18				
Dividends paid to non-controlling interests		29	26				
Net cash inflow from operating activities		105	111				
Net cash outflow from investing activities		-38	-45				
Net cash inflow / (outflow) from financing activities		-127	-66				
Net cash inflow / (outflow)		-60	-2				

BICS shareholder agreement foresees protective rights for the non-controlling interests (see note 2).

Note 8.3. Investments in joint operations

The Group has a material joint operation in MWingz located Bld Simon Bolivar 34 in 1000 Brussels (VAT BE 0738 987 372). In November 2019, Proximus and Orange Belgium entered into a strategic agreement to share a part of their mobile access networks. The shared mobile access network is planned, built and operated by this joint company, owned 50/50 by Proximus and Orange Belgium which started its services to the shareholders in April. The agreement is based on the following principles:

- The operators contractually share control of the agreement, i.e. decisions about the relevant activities require unanimous consent of the parties
- Mwingz exclusively delivers services to the parents.

In its consolidated financial statements, the Group accounts Mwingz as a joint operation and recognizes its share in the assets and liabilities based on its ownership interest and its share in Mwingz costs from third parties. Revenues from the sale of joint operation services to Proximus and Orange Belgium are eliminated.

Note 8.4. Investments in joint ventures and associates

On 27 November 2020, a partnership agreement was signed with EQT Infrastructure/ Delta Fiber. In this context Nexus Midco le BV and Nexus Fiber BV were established in December 2020.

The Group had interests in the following joint ventures and associates:

Name	Registered office	Country of incorporation	Group's participating interests	
			2019	2020
Belgian Mobile ID SA/NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 541.659.084	Belgium	15%	15%
Synductis C.V.B.A	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium	17%	17%
Experience@work C.V.B.A	Minderbroedersgang 12 2800 Mechelen VAT BE 627.819.632	Belgium	30%	30%
Tessares SA/NV	Avenue Jean Monnet 1 1348 Ottignies-Louvain-la-Neuve VAT BE 600.810.278	Belgium	23%	23%
Co.station Belgium NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 599,786,434	Belgium	20%	20%
Nexus Midco BV	Koning Albert II laan 27 1030 Brussel VAT BE 599,786,434	Belgium (2)		50%
Nexus Fiber BV	Koning Albert II laan 27 1030 Brussel VAT BE 599,786,434	Belgium (2)		50%

Per 31 December 2020 the aggregate information on all individually immaterial associates is as follows:

(EUR million)	2019	2020
Carrying amount	2	0
Loss of continuing operations	-1	-1

Note 8.5. Acquisitions and disposal of subsidiaries, joint ventures and associates

Acquisitions in 2020

In April 2020, Mwingz a joint company, owned 50/50 by Proximus and Orange Belgium started its services to its shareholders (see note 8.3).

As part of its ambitions towards a faster, broader and more efficient roll-out of its fibre network, Proximus reached an agreement with EQT infrastructure, through its portfolio company Delta Fiber, to build jointly a fibre network in Flanders. As part of the agreement, a new joint entity has been set up, with the aim of designing, building and maintaining that network. Proximus owns 49.9% of the entity, which is consolidated under the equity method as it is an associate. This entity is not yet operational.

A similar agreement was signed with Euro Fiber for the Walloon part of Belgium. An entity, aiming at designing, building and maintaining that network to be build will be created in 2021. The entity will be consolidated under equity method.

Note 9. Equity investments

At 31 December 2020 and 2019, the group held participating interests in non-quoted companies, the fair value of which was inferior to € 1 million.

These interests are classified at FVTOCI as they are not held for a purpose of trading but acquired with a long-term strategic view and not with the purpose to realize gains.

Note 10. Income taxes

Gross deferred income tax assets / (liabilities) relate to the following:

(EUR million)	As of 31 December	
	2019	2020
Accelerated depreciation	-38	-60
Fair value adjustments on acquisition	-48	-35
Statutory provisons not retained under IFRS	-5	-6
Remeasurement of financial instruments to fair value	-1	-1
Deferred taxation on sales of property, plant and equipment	-11	-8
Deferred taxation on contract assets & contract costs	-48	-52
Other	-3	-4
Gross deferred income tax liabilities	-154	-166
Fair value adjustment on fixed assets	15	14
Asset for post-employment, termination and other benefits	26	30
Tax losses carried forward	5	6
Provisions for liabilities and charges	12	11
Other	1	2
Gross deferred income tax assets	60	63
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-110	-115
Net deferred income tax asset	16	12

The movements in 2020 of the deferred tax position are as follows

(EUR million)	
As of 31 December 2019	-95
Decrease as the result of the purchase price allocation	0
Decrease recognized through other comprehensive income	6
Increase recognized in income statement	-15
As of 31 December 2020	-103

The movements in 2019 of the deferred tax position are as follows

(EUR million)	
As of 31 December 2018	-79
Decrease as the result of the purchase price allocation	2
Decrease recognized through other comprehensive income	4
Increase recognized in income statement	-22
As of 31 December 2019	-95

The 2020 deferred tax expense in the income statement is mainly the consequence of the accelerated depreciation of some network components and the annual declining depreciation method on the tangible assets and broadcasting intangible assets acquired in 2018 and 2019 applied by Proximus SA in BGAAP This expense is partially offset by the decrease of the deferred tax liability on fair value adjustments on acquisitions.

The deferred income tax assets on fair value adjustment of fixed assets relate mainly to the elimination of the gain resulting from the intercompany sale at fair value of certain fixed assets.

Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses carried forward and tax deductions available for such companies amounted to EUR 25 million at 31 December 2020 (EUR 35 million in 2019) of which EUR 22 million has no expiration date and EUR 3 million has an expiration date after 2022.

In the income statement, deferred tax income/ (expense) relate to the following:

	As of 31 December	
(EUR million)	2019	2020
Accelerated depreciation	-23	-21
Fair value adjustments on acquisition	15	12
Remeasurement of financial instruments to fair value	-1	-1
Deferred taxation on sales of property, plant and equipment	-3	3
Fair value adjustment on fixed assets	-2	-2
Asset for post-employment, termination and other benefits	-5	0
Tax losses carried forward	-2	1
Contract assets and contract cost	1	-5
Other	-3	-3
Deferred tax expense of the year	-22	-15

The consolidated income statement includes the following tax expense:

	As of 31 December	
(EUR million)	2019	2020
Current income tax		
Current income tax expense	-93	-160
Deferred income tax	-22	-15
Income tax expense reported in consolidated income statement	-116	-174

The reconciliation of income tax expense at the statutory income tax rate to income tax expense at the group's effective income tax rate for each of the two years ended is as follows:

(EUR million)	2019	2020
Income before taxes	508	756
At Belgian statutory income tax rate of 29.58%	150	0
At Belgian statutory income tax rate of 25%	0	189
Lower income tax rates of other countries	-2	0
Effect of reduction in income tax rates on closing balance of deferred income tax	-13	0
Non-taxable income from subsidiaries	-27	-23
Non-deductible expenditures for income tax purposes	13	10
Other	-6	-3
Income tax expense	116	174
Effective income tax rate	22.80%	23.04%

The 2020 effective income tax rate amounts to 23.04% which is higher compared to the effective income tax rate of 22.80% in 2019. This mainly results from the cost of the restructuring program recognized in 2019 reducing the income tax base and the Belgian corporate income tax rate of 25% applicable as from 2020 (versus 29.58% in 2019).

The non-taxable income from subsidiaries mainly relates to the application of general principles of tax law such as the patent income deduction applicable in Belgium.

The 2020 non-deductible expenditures for income tax purposes primarily relate to various expenses that are disallowed for tax purposes.

Note 11. Assets and liabilities for pensions, other post-employment benefits and termination benefits

The Group has several plans that are summarized below:

	As of 31 December	
(EUR million)	2019	2020
Termination benefits and additional compensations in respect of restructuring programs	447	209
Defined benefit plans for complementary pension plans (net liability)	46	67
Post-employment benefits other than pensions	371	368
Net liability recognized in the balance sheet	864	645
Net liability (current)	225	86
Net liability (non-current)	639	559

The calculation of the liability is based on the assumptions established at the balance sheet date. The assumptions for the various plans have been determined based on both macro-economic factors and the specific terms of each plan relating to the duration and the beneficiary population.

The discount rate used for the valuation of pension plans, other post-employment benefit plans and termination benefits is based on the yield of Eurozone high quality corporate bonds with a duration matching the duration of such plans.

Note 11.1. Termination benefits and additional compensations in respect of restructuring programs

Termination benefits and additional compensations included in this chapter relate to employee restructuring programs. No plan assets are accumulated for these benefits.

In 2007, the Group implemented a voluntary external mobility program to the Belgian State for its statutory employees and a program for unfit statutory employees. Under the terms of this plan, the Group will pay benefits until retirement date of the participant.

In 2016, the Group implemented a voluntary leave program allowing for early termination from the age of 60 (or 58 for a small group). Under the terms of this plan, the Group will pay benefits until the earliest retirement date of the participant. The part of the plan conditional to future service being provided was recognized over that period of future service that ended at 31 December 2019.

In 2019, Proximus launched its Fit for Purpose (FFP) transformation plan. An analysis based on the company's future challenges has led to the identification of areas of activity that either are being modified or that are disappearing. In this context, 1,347 FTEs were leaving Proximus. The provision for termination benefits (EUR 288 million) was entirely booked in 2019 as a result of a detailed and formal communication to those affected by the plan and as these benefits were not conditional to future service. The provision has been reduced by EUR 27 million in 2020.

Any subsequent re-measurement of the liability for termination benefits and additional compensations is recognized immediately in the income statement.

The funded status of the plans for termination benefits and additional compensations is as follows :

	As of 31 December	
(EUR million)	2019	2020
Defined Benefit Obligation	447	209
Benefit obligation in excess of plan assets	447	209

The movement in the net liability recognized in the balance sheet is as follows :

	As of 31 December	
	2019	2020
At the beginning of the year	192	447
Total expense for the period	306	-30
Actual employer contribution	-51	-208
At the end of the year	447	209

The total negative expense of 2020 (EUR 30 million) relates mainly to the reassessment of the FFP provision.

The liability for termination benefits and additional compensations was determined using the following assumptions:

	As of 31 December	
(EUR million)	2019	2020
Future price inflation	2.00%	2.00%

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR 2 million.

The Group expects to pay an amount of EUR 70 million for termination benefits and additional compensations in 2021. The payments in 2020 amounted to EUR 207 million.

Note 11.2. Defined contribution and benefit plans for complementary pensions

Defined benefits plans

Proximus SA and some of its Belgian subsidiaries offer defined benefit pension plans for their employees. These plans provide pension benefits, for services as of 1 January 1997 at the earliest. They provide benefits based on salary and years of service. They are financed through the Proximus Pension Fund, a legally separate entity created in 1998 for that purpose.

The financing method is intended to finance the current value of future pension obligations (defined benefit obligation – DBO) relating to the years of service already rendered in the company and taking into account future salary increase. The financing method is derived from calculations under IAS 19. The annual contribution is equal to the sum of the service cost, the net financial cost (interest cost on DBO minus the expected return on assets) and the amortization of the difference between the assets and the DBO exceeding 10% of the higher of the DBO or the assets.

At 31 December 2020, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension regulation and applicable law regarding actuarial assumptions.

As for most of defined benefit plans, the pension cost can be impacted (positively or negatively) by parameters such as interest rates, future salary increases and inflation. These risks are not unusual for defined benefit plans.

For the complementary defined benefit pension plan, actuarial valuations are carried out at 31 December by external independent actuaries. The present value and the current service cost and past service cost are measured using the projected unit credit method.

The funded status of the pension plans is as follows :

	As of 31 December	
(EUR million)	2019	2020
Defined Benefit Obligation	776	837
Plan assets at fair value	-729	-770
Deficit	46	67

The components recognized in the income statement and other comprehensive income are as follows :

	Year ended 31 December	
(EUR million)	2019	2020
Current service cost - employer	48	52
Net interest	1	0
Past service cost recognized	-29	3
Recognized in the income statement	20	56
Remeasurements		
Actuarial losses from changes in financial assumptions	93	14
Actuarial (gains) / losses arising from experience adjustments	-4	3
Actuarial (gains) / losses related to return on assets, excluding amounts included in the net interest cost	-79	1
Recognized in other comprehensive income	9	18
Total	29	74

The movement in the net liability recognized in the balance sheet is as follows :

	Year ended 31 December	
(EUR million)	2019	2020
At the beginning of the year	65	46
Expense for the period recognized in the income statement	20	56
Remeasurement recognized in other comprehensive income	9	18
Actual employer contribution	-49	-52
Net deficit	46	67

Change in plan assets :

(EUR million)	As of 31 December 2019	2020
At the beginning of the year	605	729
Interest income	11	7
Return on assets, excluding amounts included in the net interest expense	79	-1
Actual employer contribution	49	52
Benefits payments and expenses	-15	-18
At the end of the year	729	770

Change in the defined benefit obligation :

(EUR million)	As of 31 December 2019	2020
At the beginning of the year	670	776
Service cost	48	52
Interest cost	12	7
Past service cost - vested benefits	-29	3
Benefits payments and expenses	-15	-18
Actuarial losses	89	17
At the end of the year	776	837

The past service cost is the change in the present value of the defined benefit obligation as a consequence of the implementation of the 2019 restructuring plan.

The pension liability was determined using the following assumptions :

(EUR million)	As of 31 December 2019	2020
Discount rate	0.90%	0.80%
Future price inflation	1.90%	1.90%
Nominal future salary increase	3.10% - 3.40%	3.10% - 3.40%
Nominal future baremic salary increase	3.00%- 3.05%	3.00%- 3.05%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The pension liability is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 15 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation and real salary increase. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 8% to 9%.

If the inflation rate increases (or decreases) by 0.25%, the defined benefit obligation would increase (or decrease) by around 3%. If the real salary increases (decreases) by 0.25%, the defined benefit obligation would increase (decrease) by around 6% to 7%.

The assets of the pension plans are detailed as follows:

(EUR million)	As of 31 December 2019	2020
Equity instruments	45.8%	45.5%
Debt instruments	37.7%	38.2%
Convertible bonds	6.0%	6.3%
Other (property, infrastructure, Private equity funds, insurance deposits)	10.5%	10.0%

The actual return on plan assets is as follows:

(EUR million)	As of 31 December 2019	2020
Actual return on plan assets	91	6

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (15 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2020 the portfolio was invested by about 45.5% in listed equities (in Europe, US and Emerging Markets), about 38.2% in fixed income (government bonds, corporate bonds, and senior loans) and about 6.3% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity, European non-listed real estate and cash. The actual implementation of the investments is outsourced to specialized asset managers.

Nearly all investments are done via mutual investment funds. Direct investments amount for less than 1% of the assets. Equity instruments, debt instruments and convertible bonds have quoted prices in active markets. The other assets, amounting for 10.0% of the portfolio are not quoted. The Pension Fund does not directly invest in Proximus shares or bonds, but it is not excluded that some Proximus shares or bonds are included in some of the mutual investment funds in which we invest.

The Pension Fund wants to promote the concept of corporate social responsibility among its asset managers. It has therefore drawn up a "Memorandum on Corporate Social Responsibility" defining its policy in this area, in order to encourage them to take these aspects into account in their management decisions.

The Group expects to contribute an amount of EUR 52 million to the Proximus Pension Fund in 2021.

In addition to the defined benefit plan described here above the Group operates two defined benefit plans with a limited amplitude. They present a DBO equal to the plan assets (EUR 7 million).

Defined contribution plans

The Group has some plans based on contributions for qualifying employees.

For the plans operated abroad, the Group does not guarantee a minimum return on the contribution.

For those operated in Belgium a guaranteed return is provided.

All plans (operated in Belgian and abroad open and closed) are not material at Group level and do not present any net liability material for the Group.

Note 11.3. Post-employment benefits other than pensions

Historically, the Group grants to its retirees post-employment benefits other than pensions in the form of socio-cultural aid premium and other social benefits including a subsidized hospitalization plan. There are no plan assets for such benefits.

The subsidy to the hospitalization plan is based on an indexed fixed amount per beneficiary.

The funded status of the plans is as follows :

	As of 31 December	
(EUR million)	2019	2020
Defined Benefit Obligation	371	368
Net liability recognized in the balance sheet	371	368

The components recognized in the income statement and other comprehensive income are as follows :

	Year ended 31 December	
(EUR million)	2019	2020
Current service cost - employer	4	4
Interest cost	5	3
Expense recognized in the income statement, before curtailment, settlement and special termination benefits	10	7
Curtailment or settlement gain and past service cost	-6	2
Recognized in the income statement	4	9
Remeasurements		
Actuarial losses from changes in financial assumptions	33	5
Effect of experience adjustments	0	-4
Recognized in other comprehensive income	33	1
Total	37	10

The past service cost is the change in the present value of the defined benefit obligation as a consequence of the implementation of the 2019 restructuring plan.

The movement in the net liability recognized in the balance sheet is as follows :

	As of 31 December	
(EUR million)	2019	2020
At the beginning of the year	347	371
Expense for the period recognized in the income statement	4	9
Remeasurement recognized in other comprehensive income	33	1
Actual employer contribution	-13	-13
At the end of the year	371	368

The liability for post-employment benefits other than pensions was determined using following assumptions :

	As of 31 December	
	2019	2020
Discount rate	0.85%	0.75%
Future cost trend (index included)	1.90%	1.90%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The liability for post-employment benefits other than pensions is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 14.65 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation, future cost trend and mortality. The sensitivity analysis has been performed based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the defined benefit obligation would decrease (or increase) by around 7% .

If the future cost trend increases (or decreases) by 1%, the defined benefit obligation would increase (or decrease) by around 14% to 15%.

If a 1-year age correction would be applied to the mortality tables, the defined benefit obligation would change by around 4% to 5%.

The Group expects to contribute an amount of EUR 15 million to these plans in 2021.

Note 11.4. Other liabilities

The Group participates in a State Defined Benefit plan. On 31 December 2003, Proximus transferred to the Belgian State its legal pension obligation for its statutory employees and their survivors, in exchange of a payment of EUR 5 Billion to the Belgian State. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 and included an annual compensation mechanism to off-set certain future increases or decreases in the Belgian State's obligations as a result of actions taken by Proximus. Following a change in law (Program Law of 25 December 2017), as from 2018, the obligation to off-set stopped for the Belgian State.

Note 12. Other non-current assets

		As of 31 December	
(EUR million)	Note	**2019**	**2020**
Other derivatives	32.1	5	4
Other financial assets at amortized cost		26	20
Total		31	24

Other financial assets decreased by EUR 6 million following the transfer of a receivable from long-term to short-term.

Note 13. Inventories

(EUR million)	As of 31 December 2019	2020
Raw materials, consumables and spare parts	36	29
Work in progress and finished goods	25	19
Goods purchased for resale	72	58
Total	133	106

Inventory is reported net of allowances for obsolescence.

Note 14. Trade receivables and contract assets

14.1 Trade receivables

(EUR million)	As of 31 December 2019	2020
Trade receivables	985	868
Trade receivables - gross amount	1,084	967
Loss allowance	-99	-99

Trade receivables are amounts due by customers for goods sold or services performed in the ordinary course of business. Most trade receivables are non-interest bearing and are usually on 30-90 days terms. Terms are somewhat longer for the receivables of the International Carrier Services segment (ICS), since major part of its trade receivables relates to other Telco operators. Given the bilateral nature of ICS business, netting practice is very common, but this process can be quite long. The related netting agreements are not legally enforceable.

For non-ICS business, the netting payment is also applied with some other telecom operators.

Trade receivables are recognized initially, when they are originated, at contract price. The group holds the trade receivables with the objective to collect the contractual cash flows and measures them subsequently at amortized cost using the effective interest method.

For the years presented, no trade receivables were pledged as collaterals. In 2020, Proximus Group received bank and parent guarantees of EUR 2 million (in 2019, EUR 6 million) as securities for the payment of outstanding invoices.

14.2 Contract assets

(EUR million)	As of 31 December 2019	2020
Contract assets gross	103	118
Settled after 12 month of the reporting period	73	86
Settled within 12 month of the reporting period	30	32
Loss allowance	-6	-7
Contract assets net	97	111

The evolution of the gross amount of the contract assets during the year, can be explained as follows

(EUR million)	2019	2020
Balance at 1 Jan	88	103
Decrease in contract assets relating to existing contracts in the opening balance	-96	-113
Normal evolution	-83	-98
Anticipated termination	-13	-15
New contract assets	111	128
Balance at 31 Dec	103	118

14.3 Loss allowance on trade receivables and contract assets

The group applies the IFRS 9 simplified approach for measuring the expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets of CBU and EBU segments have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to a right to consideration in exchange of goods and services that have already transferred and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables of the CBU and EBU segments are a reasonable approximation of the loss rates for the contract assets. These expected loss rates correspond to historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group reassessed the expected credit loss for the outstanding trade receivables in the context of Covid 19 mainly based on the following criteria: the sector in which the customers operate, the relationship with the customers and their respective ageing. This review led to a limited impact on the bad debt provision.

For the ICS segment expected credit losses for trade receivables have been determined on individual basis considering different factors determining a credit scoring such as micro and macro-economic criteria as well as credit rating, country risk, customer history, possible compensation in order to net the risk and other internal and external sources.

The analysis of trade receivables that were past due but not impaired is as follows:

As of 31 December (EUR million)	Gross receivables / contract assets	Loss allowance	Net carrying amount	Not past due	Past due < 30 days	Past due 30-60 days	Past due 60-90 days	Past due 90-180 days	Past due 180-360 days	Past due > 360 days
Trade receivables										
2018	1.149	-107	1.042	616	128	46	38	63	50	101
2019	1.084	-99	985	569	100	41	29	58	63	126
2020	967	-99	868	512	79	35	21	44	43	133
2020 % loss allowance on trade receivables			10%	2%	2%	5%	11%	16%	18%	33%
The loss allowance on contract assets was as follow :										
Contract assets	118	-7	111	111						
2020 % loss allowance on contract asset			6%	6%						

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconciles to the opening loss allowances as follows:

The evolution of the allowance for doubtful debtors is as follows:

(EUR million)	Trade receivables	Contract costs	Total
As of 31 December 2019	99	-6	93
Increase in loss allowance through income statement	4	-1	3
Receivables written off as uncollectible	-3	0	-3
As of 31 December 2020	99	-7	93

Note 15. Other current assets

(EUR million)	As of 31 December 2019	As of 31 December 2020
VAT receivables	10	12
Prepaid expenses	112	113
Accrued income	1	2
Other receivables	10	12
Total	134	139

Note 16. Investments

(EUR million)	Note	As of 31 December 2019	As of 31 December 2020
Term account at amortized costs	32.4	3	3
Total		3	3

Investments include deposits with an original maturity greater than three months but less than one year.

Note 17. Cash and cash equivalents

(EUR million)	Note	As of 31 December 2019	As of 31 December 2020
Term account at amortized costs	32.4	13	115
Cash at bank and in hand	32.4	310	195
Total		323	310

Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements of the Group, and earn or pay interest at the respective short-term deposit rates. Interest rates applied on cash with banks are floating as corresponding to the daily bank deposit rates.

The cash and cash equivalents are held with banks and financial institutions counterparties with a high long-term credit rating between A- and A+ with a minimum of A-. Therefore, the expected credit loss on cash and cash equivalents is deemed immaterial.

Note 18. Equity

Note 18.1 Shareholders' equity

At 31 December 2020, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Commercial Companies Code. The Board of Directors is empowered by article 13 of the Articles of Association to acquire the maximum number of own shares permitted by law. The price paid for these shares must not be more than five percent above the highest closing price in the thirty-day trading period preceding the transaction nor more than ten percent below the lowest closing price in that same thirty-day period. Said authorization is granted for a period of five years as of 20 April 2016.

Proximus SA has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as workforce expenses.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law reforming certain economic public companies, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning the corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease their participation below 50%. The General Shareholders Meeting of 2016 decided to change the bylaws in order to incorporate the amendments made to the 1991 Law.

On 31 December 2020, the number of treasury shares amounts to 15,335,109

In 2019 and 2020, the Group sold respectively 3,033 and 3,092 treasury shares to its senior management for less than EUR 1 million under share purchase plans at a discount of 16.70% (see note 35).

During the years 2019 and 2020, employees exercised respectively 109,751 and 16,583 share options. In order to honour its obligation in respect of these exercises, Proximus used treasury shares (see note 35).

In 2019 and 2020, no share options were granted by the Group to its key management and senior management.

Number of shares (including treasury shares):	2019	2020
As of 1 January	338,025,135	338,025,135
As of 31 December	338,025,135	338,025,135

Number of treasury shares:	2019	2020
As of 1 January	15,321,318	15,042,626
Sale under a discounted share purchase plan	-3,033	-3,092
Purchase / (Sale) of treasury shares	-165,908	312,158
Exercice of stock option	-109,751	-16,583
As of 31 December	15,042,626	15,335,109

Note 18.2 Non-controlling interests

Non-controlling interests include the 42.4% of the minority shareholders (Swisscom and MTN Dubai) into BICS as from 1 January 2010.

In 2019, the Group acquired all the remaining Be-Mobile non-controlling interests through the exercise of the put option that had been granted on these shares for an amount of EUR 37 million. In a second step the Group sold 7.26% of the shares to non-controlling interests (for EUR 7 million) on which it granted a put option (together with a new shareholder's agreement) resulting in a negative impact on equity of EUR 6 million.

The Group was granted call options on these 7.26% non-controlling shares. These options can be exercised under the same conditions and for the same price.

The Group has recorded gross debt up to the expected exercise price of the PUT option. This financial instrument is valued at the FVTPL.

Note 19. Interest-bearing liabilities

Note 19.1 Non-current interest-bearing liabilities

		As of 31 December	
(EUR million)	Note	2019	2020
Unsubordinated debt (bonds, notes)		1,953	2,104
Credit institutions		402	401
Other loans		0	1
Derivatives held for trading	32.1	5	4
Total		2,360	2,511

Proximus was granted a new 20-year Private Placement Note (under EMTN) of EUR 150 million starting 14 May 2020 with an annual fixed coupon of 1.5%.

On 27 February 2019, Proximus entered into an agreement with an institutional investor to issue a new EUR 100 million private bond note starting 8 March 2019 and maturing in September 2031 with an annual fixed coupon of 1.75%.

All long-term debt is unsecured. During 2020 and 2019 there have been no defaults or breaches on loans payables.

Over the two years presented, an interest rate and currency swap (IRCS) was used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swap enabled the Group to transform the interest rate on these debentures which are fully hedged economically, from a fixed interest rate to a floating interest rate. and converting the remaining liability in JPY into fixed rate liability in EUR (see note 32).

Unsubordinated debentures in EUR and in JPY are issued by Proximus SA. The capital is repayable in full on the maturity date.

Non-current interest-bearing liabilities as of 31 December 2020 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.70%	-0.70%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	Mai-23	Annually	2.26%	2.29%
EUR	598	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	496	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
EUR	149	150	Amortized cost	May-40	Annually	1.50%	1.52%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Other loans							
EUR	1	1	Amortized cost	2024	Different patterns (d)	0%-6%	0%-6%
Derivatives							
Derivatives held-for-trading	4		Fair value				
Total	**2,511**	**2,514**					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2020

Non-current interest-bearing liabilities as of 31 December 2019 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.44%	-0.44%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	Mai-23	Annually	2.26%	2.29%
EUR	598	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	495	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	2	2	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Derivatives							
Derivatives held-for-trading	5		Fair value				
Total	2,360	2,363					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2019

Note 19.2 Current interest-bearing liabilities

	As of 31 December	
(EUR million)	2019	2020
Current portion of amounts payable > 1 year		
Credit institutions	1	1
Unsubordinated debt (bonds, notes)	156	150
Other loans	0	12
Total	157	163

The tables below detail the current portion of the unsubordinated debentures maturing within one year.

Current interest-bearing liabilities as of 31 December 2020 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	150	150	Amortized cost	Feb-21	At inception	-0.40%	-0.40%
Other loans							
EUR	12	12	Amortized cost	Jan-21		0.43%	0.43%
Total	163	163					

(a) : monthly, quarterly, half yearly, yearly

Current interest-bearing liabilities as of 31 December 2019 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	156	156	Amortized cost	Jan-20	At inception	-0.40%	-0.40%
Total	157	1					

(a) : monthly, quarterly, half yearly, yearly

Note 19.3 Information about the Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2019	Cash Flows	Non-cash changes	As of 31 December 2020
Long-term				
Unsubordinated debt (bonds, notes)	1,953	149	2	2,104
Credit institutions	402	-1	0	401
Other loans	0	1	0	1
Derivatives held for trading	5	0	-1	4
Current portion of amounts payable > one year				
Credit institutions held to maturity	1	0	0	1
Other financial debts				
Unsubordinated debt (bonds, notes)	156	-6	0	150
Other loans	0	12	0	12
Total liabilities from financing activities excluding lease liabilities	2,517	156	1	2,673
Lease liabilities current and non current	307	-82	59	284
Total liabilities from financing activities including lease liabilities	2,824	74	60	2,957

(EUR million)	As of 31 December 2018	Cash Flows	Non-cash changes	As of 31 December 2019
Long-term				
Unsubordinated debt (bonds, notes)	1,852	100	2	1,953
Credit institutions	403	-1	0	402
Derivatives held for trading	4	0	0	5
Current portion of amounts payable > one year				
Credit institutions held to maturity	1	0	0	1
Other financial debts				
Unsubordinated debt (bonds, notes)	232	-76	0	156
Total liabilities from financing activities excluding lease liabilities	2,492	23	2	2,517
Lease liabilities current and non current	280	-78	104	307
Total liabilities from financing activities including lease liabilities	2,772	-55	106	2,824

Note 20. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Other risks	Total
As of 1 January 2019	31	22	27	63	142
Additions	0	2	0	22	24
Utilisations	-2	-1	0	-7	-10
Withdrawals	0	-5	-10	-7	-22
Unwinding	0	0	0	2	3
As of 31 December 2019	29	19	17	73	137
Additions	0	9	0	9	18
Utilisations	-2	-1	0	-6	-9
Withdrawals	0	-4	-1	-2	-7
Unwinding	1	0	0	0	1
As of 31 December 2020	28	23	16	73	139

The provision for workers' accidents relates to compensation that Proximus SA could pay to members of personnel injured (including professional illness) when performing their job and on their way to work. Until 31 December 2002, according to the law of 1967 (public sector) on labour accidents, compensation was funded and paid directly by Proximus. This provision (annuities part) is based on actuarial data including mortality tables, compensation ratios, interest rates and other factors defined by the law of 1967 and calculated with the support of a professional insurer. Considering the mortality table, it is expected that most of these costs will be paid out until 2062. As from 1 January 2003, contractual employees are subject to the law of 1971 (private sector) and statutory employees remain subject to the law of 1967 (public sector). For both the contractual and statutory employees, Proximus is covered as from 1 January 2003 by insurance policies for workers' accidents and therefore will not directly pay members of personnel.

The provision for litigation represents management's best estimate for probable losses due to pending litigation where the Group has been sued by a third party or is subject to a judicial dispute. The expected timing of the related cash outflows depends on the progress and duration of the underlying judicial procedures.

The provision for illness days represents management's best estimate of probable charges related to the granting by Proximus of accumulating non-vesting illness days to its statutory employees.

The provision for other obligations per end of 2020 mainly includes the expected costs for dismantling and restoration of mobile antenna - environmental risks and sundry risks. It is expected that most of these costs will be paid during the period 2021-2050. The provision for restoration costs is estimated at current prices and discounted using a discount rate of 0.8% based on the expected timing to settle the obligation.

Note 21. Other non-current payables

	As of 31 December	
(EUR million)	**2019**	**2020**
Other non-current payables -trade	114	95
Other non-current payables- non trade	12	4
Total	127	99

Non-current payables-trade include licenses (see note 4), broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 5 years).

Note 22. Other current payables and contract liabilities

(EUR million)	As of 31 December 2019	2020
VAT payables	9	6
Payables to employees	115	115
Accrual for holiday pay	86	77
Accrual for social security contributions	51	45
Advances received on contracts	18	9
Other taxes	103	102
Deferred income	43	4
Accrued expenses	26	27
Other debts	40	30
Subtotal Other current payables	490	416
Contract Liability	116	157
Total	606	573

Contract liabilities comprise the Group's obligation to transfer goods or services in the future to a customer for which the Group has received consideration from the customer or the amount is due. The increase of this caption in 2020 compared to 2019 was due to the reclassification of deferred income balances relating to BICS contracts.

Note 23. Net revenue

(EUR million)	Year ended 31 December 2019	2020
Net revenue recognized at one point in time	544	542
Net revenue recognized over time	5,094	4,901
Total	5,638	5,443

Net revenue corresponds to the revenue from contracts with customers. The group derives revenue from the transfer of goods and services over time and at a point in time as follows:

The disaggregation of revenue is disclosed in the consolidated management report under section management comment.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

(EUR million)	Expected timing of recognition 2021	2022	> 2022
Transaction price allocated to performance obligations that are unsatisfied at reporting date	175	56	45

Note 24. Other operating income

(EUR million)	Year ended 31 December 2019	2020
Gain on disposal of intangible assets and property, plant and equipment	8	3
Gain on disposal of financial fixed assets	5	0
Miscellaneous reinvoicing and recovery of expenditures	41	31
Other income	5	4
Total	59	38

The Group realized a gain on disposal of buildings of EUR 1 million in 2020 and EUR 7 million in 2019. The cash received from disposals amounts to EUR 5 million in 2020 and EUR 13 million in 2019.

"Miscellaneous reinvoicing and recovery of expenditures" includes compensation for network damages (EUR 9 million in 2020 and EUR 10 million in 2019) as well as employee and third-party contributions for sundry services.

Note 25. Costs of materials and services related to revenue

(EUR million)	Year ended 31 December 2019	2020
Purchases of materials	443	421
Purchases of services	1,574	1,480
Total	2,018	1,901

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 64 million in 2020 and of EUR 54 million in 2019.

Note 26. Workforce expenses

(EUR million)	Year ended 31 December 2019	2020
Salaries and wages	705	648
Social security expenses	177	166
Pension costs	19	55
Post-employment benefits other than pensions and termination benefits	306	-24
Other workforce expenses	269	283
Total	1,477	1,128

Workforce expenses are expenses related to own employees as well as to external working parties (included in other workforce expenses).

Salaries and wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 133 million in 2019 and EUR 119 million in 2020.

Post-employment benefits other than pensions and termination benefits includes the impact of the FFP transformation plan (2019 EUR 288 million, 2020 EUR -27 million) and other termination benefits (2019 EUR 18 million, 2020 EUR -3 million). It includes also the current service cost and past service cost of other post-employment benefits (2019 EUR -1 million, 2020 EUR 6 million)

The pension cost of 2019 included a negative past service cost for pension (gain) as a consequence of the transformation plan of EUR 29 million.

The other workforce expenses include external work force and other costs relating to internal workforce (such as Meal vouchers, social activities, workers accident insurance, train tickets for actives).

Note 27. Non-Workforce expenses

	Year ended 31 December	
(EUR million)	**2019**	**2020**
Service and capacity contracts and non lease components of renting contracts	48	40
Maintenance and utilities	163	166
Advertising and public relations	81	71
Adminstration, training, studies and fees	112	130
Telecommunications, postage costs and office equipment	32	29
Loss allowance	28	33
Taxes other than income taxes	28	26
Other Non-Workforce expenses	35	36
Total	527	530

Taxes other than income tax: Tax on pylons

New evolutions in jurisprudence led the Group to reassess the liabilities related to Taxes on Pylons in 2018. This resulted in a material increase of provisions in 2018. In 2019, there are no material changes in the jurisprudence which should lead to a review of the applied methodology with respect to the accruals. In 2020 there were both positive and negative evolutions in case law which have resulted in a review of the provisions with a limited net impact. The position as recognised in the Financial Statements reflects management's best estimate of the probable final outcome.

Note 28. Depreciation and amortization

	Year ended 31 December	
(EUR million)	**2019**	**2020**
Amortization of licenses and other intangible assets	449	456
Depreciation of property, plant and equipment	589	579
Depreciation of right of use	82	82
Total	1,120	1,116

Note 29. Net finance cost

(EUR million)	Year ended 31 December 2019	2020
Finance income		
Interest income on financial instruments		
At amortized costs	5	2
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	10	6
Other finance income	1	1
Finance costs		
Interests and debt charges on financial instruments at amortized costs		
Unsubordinated debentures	-40	-42
Lease interests	-2	-3
Short term debt	0	-1
Long term payables	-2	-2
Discounting charges		
On pensions and other post-employment benefits	-8	-4
Impairment losses		
On associates	-2	0
Other finance costs	-5	-4
Total	**-47**	**-48**

Note 30. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share.

	Year ended 31 December 2019	2020
Net income attributable to ordinary shareholders (EUR million)	373	564
Adjusted net income for calculating diluted earnings per share (EUR million)	373	564
Weighted average number of outstanding ordinary shares	322,918,006	322,752,015
Adjustment for share options	36,696	3,742
Weighted average number of outstanding ordinary shares for diluted earnings per share	322,954,702	322,755,758
Basic earnings per share (EUR)	1.16	1.75
Diluted earnings per share (EUR)	1.16	1.75

In 2019 and 2020, all stock options granted were dilutive and hence included in the calculation of diluted earnings per shares.

Note 31. Dividends paid and proposed

	2019	2020
Dividends on ordinary shares:		
Proposed dividends (EUR million)	485	387
Number of outstanding shares with dividend rights	322,982,509	322,690,026
Dividend per share (EUR)	1.5	1.2
Interim dividend paid to the shareholders (EUR million)	162	161
Interim dividend per share (EUR)	0.50	0.50

The proposed dividends for 2019 have been effectively paid in April 2020. The interim dividends for 2020 have been paid in December 2020.

An amount of less than EUR 1 million was paid in 2020 in relation with the stock options exercised in 2020. For 2019, an amount of EUR 2 million was paid. These amounts correspond to the accumulated dividends attached to the exercised stock options since their granting.

Note 32. Additional disclosures on financial instruments

Note 32.1. Derivatives

The Group makes use of derivatives such as interest rate swaps (IRS), interest rate and currency swaps (IRCS), forward foreign exchange contracts and currency options.

(EUR million)	Note	2019	2020
Non-current assets			
Derivatives held for trading	12	5	4
Total assets		5	4
Non-current liabilities			
Interest-bearing			
Derivatives held for trading	19	5	4
Total liabilities		5	4

The tables below show the positive and negative fair value of derivatives, included in the balance sheet respectively as current/non-current assets or liabilities.

As of 31 December 2020	Fair value	
(EUR million)	Asset	Liability
Interest rate and currency swaps	4	0
Interests and currency related - other derivatives	0	-4
Derivatives not qualifying for hedge accounting	4	-4
Total	4	-4

As of 31 December 2019	Fair value	
(EUR million)	Asset	Liability
Interest rate and currency swaps	5	0
Interests and currency related - other derivatives	0	-5
Derivatives not qualifying for hedge accounting	5	-5
Total	5	-5

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on outstanding JPY 1.5 billion unsubordinated debentures (see note 18).

Note 32.2 Financial risk management objectives and policies

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The main risks arising from the Group's use of financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

All financial activities are subject to the principle of risk minimization. To achieve this, all matters related to funding, foreign exchange, interest rate and counterparty risk management are handled by a centralized Group Treasury department. Simulations are performed using different market (including worst case) scenarios with a view to estimating the effects of varying market conditions. All financial transactions and financial risk positions are managed and monitored in a centralized treasury management system.

Group Treasury operations are conducted within a framework of policies and guidelines approved by the Executive Committee and the Board of Directors. Group Treasury is responsible for implementing these policies. According to the policies, derivatives are used to hedge interest rate and currency exposures. Derivatives are used exclusively as hedging instruments, i.e., not for trading or other speculative purposes. Derivatives used by the Group mainly include forward exchange contracts, interest rate swaps and currency options.

The table below provides a reconciliation of changes in equity and statement of OCI by hedge type for 2020

(EUR million)	Note	Transfer to profit or loss for the period
Amortization of cumulated remeasurements of settled interest rate swap	OCI	2
Changes in other comprehensive income in relation with cash flow hedges		2

The Group's internal auditors regularly review the internal control environment at Group Treasury.

Interest rate risk

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. Group Treasury manages exposure of the Group to changes in interest rates and the overall cost of financing by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk minimization and avoidance of volatility in financial results, whilst considering market conditions and opportunities as well as overall business strategy.

The tables below summarize the non-current interest-bearing liabilities (including their current portions, excluding leasing and similar obligations) per currency, the interest rate and currency swap agreements (IRCS), and the net obligations of the Group at 31 December 2020 and 2019.

	As of 31 December 2020								
	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,500	1.72%	5				2,500	1.72%	5
Variable				11	-0.70%	6	11	-0.70%	6
JPY									
Fixed	11	5.04%	6	-11	-5.04%	6			
Variable									
Total	2,511	1.73%	5	0			2,511	1.70%	5

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

	As of 31 December 2019								
	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,350	1.75%	5				2,350	1.75%	5
Variable				11	-0.52%	7	11	-0.52%	7
JPY									
Fixed	11	5.04%	7	-11	-5.04%	7			
Variable									
Total	2,361	1.77%	5	0			2,361	1.73%	5

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

On November 28, 2017 the Group entered into an interest rate swap to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of a highly probable fixed rate long-term debt of EUR 400 million, expected to be issued in the first quarter 2018 and which effectively materialized on March, 15th 2018, when the group entered into a ten year investment loan with the European Investment Bank. The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge was recognized in other comprehensive income and henceforth are gradually reclassified to profit or loss in the same period as the hedged item.

Foreign currency risk

The Group's main currency exposures result from its operating activities. Such exposure arises from sales or purchases by operating units in currencies other than euro. Transactions in currencies other than euro mainly occur in the International Carrier Services ("ICS") segment, even more so following the acquisition of TeleSign. Indeed, international carrier activities generate payments to and receipts from other telecommunications operators in various foreign currencies. Next to these, Proximus as well as a number of its affiliates also engage in international activities (ICT, roaming, capital and operating expenditure) giving rise to currency exposures.

Risks from foreign currencies are hedged to the extent that they are liable to influence the Group's cash flows. Foreign currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) as a rule are not hedged. However, the Group could envisage hedging such so-called translation differences should their potential impact become material to the Group's consolidated financial statements.

The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

In 2020 and 2019, the Group only incurred currency exposures relative to its operating activities. Foreign currency transactions are recognized in functional currency on initial recognition at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at balance sheet date using the exchange rate at that date. The net exchange difference on the translation of these monetary assets and liabilities are recorded via the income statement. However, in a limited number of cases, hedge accounting has been applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/SDR, EUR/GBP, and EUR/CHF, four currency pairs to which it is typically exposed in its operating activities, for the years 2020 and 2019.

Credit risk and significant concentrations of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Proximus in relation to lending, hedging, settlement and other financial activities.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations in relation to each class of recognized financial assets, including derivatives with positive market value, is the carrying amount of those assets in the balance sheet and bank guarantees granted.

To reduce the credit risk in respect of financing activities and cash management of the Group, transactions are only entered into with leading financial institutions whose long-term credit ratings equal at least A- (S&P).

The Group applies the IFRS 9 simplified approach for measuring the expected credit losses for trade receivables and contract assets, meaning the lifetime expected credit loss. The determination of this loss allowance might be at portfolio or individual level, depending on the assessed risk related to the customer.

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 14.3) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on short-term bank deposits and financial derivatives (see note 32.1). However, the Group does not anticipate non-performance by any of these counterparties, seeing it only deals with prime financial institutions, makes very limited use of derivatives on debt instruments as shown in table 32.1, and, as a rule, only invests in highly liquid and short-term securities (mainly cash and cash equivalents), for which, seen the excellent rating of the counterparts, the Group do not calculate loss allowances provisions.

Moreover, the Group monitors potential changes in credit risk on counterparties by tracking their external credit ratings on an ongoing basis as well as evolutions in its bank's credit default swap rates (a leading indicator often anticipating on future rating changes).

In addition, the Group is exposed to credit risk by occasionally granting non-recourse bank guarantees in favour of some of its institutional or governmental clients. At 31 December 2020, it had granted bank guarantees for an amount of EUR 57 million and EUR 44 million at 31 December 2019.

Finally, the Group has not pledged any financial assets, nor does it hold any collateral against any of its counterparties.

Liquidity risk

In accordance with the treasury policy, Group Treasury manages its overall cost of financing by using a mix of fixed and variable rate debts.

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus entered into committed bilateral credit agreements with different maturities and into a committed sustainable linked Syndicated Revolving Facilities for a total amount of EUR 751 million. For medium to long-term funding, the Group uses bonds and medium-term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources considering its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's leasing and interests bearing liabilities, derivatives excluded, as disclosed on note 19 at each reporting date. This maturity profile is based on contractual undiscounted interest payments and capital reimbursements and takes into account the impact on cash flows of interest rate derivatives used to convert fixed interest rate liabilities into floating interest rate liabilities and vice versa. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2020 and 2019, respectively).

The cash outflows expected in 2020 for the reporting year 2019 and the cash outflows expected in 2021 for the reporting year 2020 are impacted by Proximus short term commercial papers.

(EUR million)	2020	2021	2022	2023	2024	2025-2048
As of 1 January 2019						
Capital	226	55	543	132	625	1,248
Interests	43	42	42	39	37	65
Total	268	97	585	171	661	1,313
As of 31 December 2020						
Capital		228	552	142	630	1,403
Interests		45	45	42	39	102
Total		273	597	183	669	1,505

Bank credit facilities at 31 December 2020

In addition to the interest-bearing liabilities disclosed in notes 19.1 and 19.2, the Group is backed by committed credit facilities of EUR 751 million. These facilities are provided by a diversified group of Belgian and international banks. As at 31 December 2020, there were no outstanding balances under any of these facilities. A total of EUR 751 million of credit lines was therefore available for drawdown as at 31 December 2020.

The Group also uses a EUR 3.5 billion Euro Medium-term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2020, there was an outstanding balance under the EMTN Program of EUR 2,100 million, whereas the CP Program showed a drawn and outstanding amount of EUR 150 million.

Note 32.3 Net financial position of the Group and capital management

The Group defines the net financial position as the net amount of investments, cash and cash equivalents minus any interest-bearing financial liabilities and related derivatives, including re-measurement to fair value and lease liabilities. The net financial position does not include non-current trade payables.

Adjusted Net Financial Position refers to the total interest-bearing debt (short term + long term) minus cash and cash equivalents, excluding lease liabilities.

		As of 31 December	As of 31 December
(EUR million)	Note	2019	2020
Investments, Cash and cash equivalents	16 / 17	327	313
Derivatives	12	5	4
Assets		332	318
Non-current liabilities (*)	19.1	-2,603	-2,727
Current liabilities (*)	19.2	-220	-230
Liabilities		-2,824	-2,957
Net financial position (*)		-2,492	-2,639
Of which Leasing liabilities		-307	-284
Adjusted financial position (**)		-2,185	-2,356

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders. Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Note 32.4 Categories of financial instruments

The Group occasionally uses interest rate (IRS) and/or currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest-bearing liabilities (see note 32).

The following tables present the Group's financial instruments per category defined under IAS 39, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2020, the fair value of the unsubordinated debentures and of the loan granted by the European Investment Bank (EIB), which are accounted for at amortized cost, exceeded by EUR 214 million, or 8.5%, their carrying amount.

The fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at 31 December 2020 for similar debentures with the same remaining maturities.

The Group did not reclassify, during the period, financial instruments from one category to another.

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2020

As of 31 December 2020 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9
ASSETS			
Non-current assets			
Equity investments	9	FVOCI	1
Other non-current assets			
Other derivatives	32	FVTPL	4
Other financial assets		Amortized cost	7
Current assets			
Trade receivables	14	Amortized cost	868
Interests bearing			
Other receivables		Amortized cost	3
Non-interests bearing			
Other receivables		Amortized cost	10
Investments	16	Amortized cost	3
Cash and cash equivalents			
Short-term deposits	17	Amortized cost	115
Cash at bank and in hand	17	Amortized cost	195
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,104
Credit institutions	19.1	Amortized cost	401
Other loans	19.1	Amortized cost	1
Other derivatives	32	FVTPL	4
Non interest-bearing liabilities			
Other non-current payables	21	Amortized cost	99
Current liabilities			
Interest-bearing liabilities, current portion			
Credit institutions	19.2	Amortized cost	1
Interest-bearing liabilities			
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	150
Other loans	19.2	Amortized cost	12
Trade payables		Amortized cost	1,213
Other current payables			
Other debt		FVTPL	1
Other amounts payable		Amortized cost	276

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2019

As of 31 December 2019 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9
ASSETS			
Non-current assets			
Other non-current assets			
Other derivatives	32	FVTPL	5
Other financial assets		Amortized cost	10
Current assets			
Trade receivables	14	Amortized cost	985
Interests bearing			
Other receivables		Amortized cost	7
Non-interests bearing			
Other receivables		Amortized cost	3
Investments	16	Amortized cost	3
Cash and cash equivalents			
Short-term deposits	17	Amortized cost	13
Cash at bank and in hand	17	Amortized cost	310
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	1,953
Credit institutions	19.1	Amortized cost	402
Other derivatives	32	FVTPL	5
Non interest-bearing liabilities			
Other non-current payables	21	Amortized cost	127
Current liabilities			
Interest-bearing liabilities, current portion			
Credit institutions	19.2	Amortized cost	1
Interest-bearing liabilities			
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	156
Trade payables		Amortized cost	1,284
Other current payables			
Other debt		FVTPL	6
Other amounts payable		Amortized cost	286

FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive income

Note 32.5 Fair value of financial assets and liabilities

Financial instruments measured at fair value are disclosed in the table below according to the valuation technique used. The hierarchy between the techniques reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly;

Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data.

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 financial instruments are:

- Other derivatives in Level 2
  Other derivatives include mainly the interest rate swaps and interest rate and currency swaps (IRCS) the Group entered to reduce the interest rate and currency fluctuations on some of its long-term debentures. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.

- Unsubordinated debentures
  The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2020 for similar debentures with the same remaining maturities.

The financial instrument classified among the level 3 category is fair valued based on cash outflows in different scenarios, each one being weighted for its chance of occurrence. The weights are either based on statistical data that are very stable over time, either based on Proximus best estimate of the scenario occurrence. The instrument fair value is very depending but proportionate to changes in estimated cash outflows.

As of 31 December 2020 (EUR million)	Note	Classification under IFRS 9	Balance at 31 December 2020	Fair values measurement at end of the reporting period using : Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments		FVOCI	1			1
Other non-current assets						
Other derivatives	32.1	FVTPL	4		4	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,104		2,286	
Credit institutions	19.1	Amortized cost	401		434	
Other loans	19.1	Amortized cost	1		1	
Derivatives held-for-hedging	33.1	FVOCI				
Other derivatives	33.1	FVTPL	4		4	
Current liabilities						
Interest-bearing liabilities, current portion						
Credit institutions	19.2	Amortized cost	1		1	
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	150		150	
Other loans	19.2	Amortized cost	12		12	
Non interest-bearing liabilities						
Other debt		FVTPL	1			1

FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive income

As of 31 December 2019 (EUR million)	Note	Classification under IFRS 9	Balance at 31 December 2019	Fair values measurement at end of the reporting period using :		
				Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Other non-current assets						
Other derivatives	32.1	FVTPL	5		5	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	1,953		2,094	
Credit institutions	19.1	Amortized cost	402		417	
Other derivatives	32.1	FVTPL	5		5	
Current liabilities						
Interest-bearing liabilities, current portion						
Credit institutions	19.2	Amortized cost	1		1	
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	156		156	
Non interest-bearing liabilities						
Other debt		FVTPL	6			6

FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive incom

Note 33. Related party disclosures

Note 33.1. Consolidated companies

Subsidiaries, joint operations, joint-ventures and associates are listed in note 8.

Commercial terms and market prices apply for the supply of goods and services between Group companies.

The transactions between Proximus SA and its subsidiaries being related parties, are eliminated for the preparation of the consolidated financial statements. The transactions between Proximus SA and its subsidiaries are as follows:

Proximus SA transactions with its subsidiairies and joint operations	**Year ended 31 December**	
(EUR million)	**2019**	**2020**
Revenues	174	156
Costs of materials and services related to revenue	-146	-140
Net finance costs	1	1
Dividends received	92	391
Gain on contribution of financial fixed assets	437	94

Proximus SA transactions with its subsidiairies and joint operations	**As of 31 December**	
(EUR million)	**2019**	**2020**
Trade receivables	32	27
Trade payables	-42	-33
Interest-bearing receivables/liabilities	-1,022	-767
Other receivables and liabilities	-1	-1

Note 33.2. Relationship with shareholders and other State-controlled enterprises.

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.54%. The remaining 41.95% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favourable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Note 33.3. Relationship with key management personnel

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

The principles of this remuneration remained applicable in 2020 and no substantial change of the policy is expected: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman.

Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

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

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandenborre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates. For the execution of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration such as bonuses or long-term incentive plan, nor do they receive benefits linked to complementary pension plans or any other group insurance.

The total remuneration for the Directors amounted to gross EUR 1,231,116 for 2020 to gross EUR 1,243,509 for 2019. The directors have not received any loan or advance from the Group.

The number of meetings of the Board of Directors and advising committees are detailed as follows:

	2019	2020
Board of Directors	10	10
Audit and Compliance Committee	5	5
Nomination and Remuneration Committee	9	9
Transformation & Innovation Committee	2	2

In its meeting of 24 February 2011, the Board adopted a "related party transactions policy" which was updated in September 2016, which governs all transactions or other contractual relationships between the company and its board members. Proximus has contractual relationships and is also a vendor for telephony, Internet and/or ICT services for many of the companies in which Board members have an executive or non-executive mandate. These transactions take place in the ordinary course of business and are arm's length of nature.

For the year ended 31 December 2020, a total gross amount (long-term performance-based payments) of EUR 6,612,523 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2020, the members of the Executive Committee were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen, Anne-Sophie Lotgering (6 months), Jim Casteele (10 months), Sandrine Dufour (5 months) and Bart Van Den Meersche (6 months).

For the year ended 31 December 2019, a total gross amount (long-term performance-based payments) of EUR 6,252,939 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2019, the members of the Executive Committee were Dominique Leroy, Guillaume Boutin, Sandrine Dufour, Jan Van Acoleyen, Dirk Lybaert, Geert Standaert, Renaud Tilmans and Bart Van Den Meersche.

These total amounts of key management compensation include the following components:

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and excluding employer social security contributions paid on these benefits;

- Post-employment benefits: insurance premiums paid by the Group in the name of members of the Executive Committee. The premiums cover mainly a post-retirement complementary pension plan;

- Performance Value based payments (long-term): gross amounts granted under the Performance Value Plan, which creates pay-out rights in May 2022 (granted in 2019) or in May 2023 (granted in 2020) depending on the achievement of 3 company driven performance criteria which consist of the Group free cash flow, the reputation index and the company's Total Shareholder Return compared to a predefined group of other European telecom operators.

EUR	Year ended 31 December 2019	2020
Short-term employee benefits	4,511,137	5,130,490
Post-employment benefits	686,802	546,825
Performance based payments	1,055,000	935,208
Total	6,252,939	6,612,523

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

Note 33.4. Regulations

The telecommunications sector is regulated by European legislation, Belgian federal and regional legislation and by decisions of sectors specific regulators (the Belgian Institute for Postal services and Telecommunications, commonly referred to as the "BIPT/IBPT" and the regional regulators competent for media) or administrative bodies such as the Competition authorities.

Note 34. Rights, commitments and contingent liabilities

Claims and legal proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

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

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations.

Broadband/Broadcast Access Related Cases

Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

During the investigation of October 2010, a large number of documents were seized (electronic data such as a full copy of mailboxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in-house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in order to have the communication to the investigation teams of LPP data and data out of scope suspended.

On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case. On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction.

In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

Mobile On-net cases related

In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009.

Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling.

Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

In its interim judgment of 7th of October 2020, the Brussels Court of Appeal partially annulled the decision of 26th of May 2009 of the Competition Council, based on the reasoning that (i) the Belgian Competition Authority could not have established the existence of an abuse of a dominant position for 2004 without the document seized during the illegal dawn raid, while (ii) the documents seized during the illegal dawn raid were not indispensable for the establishment of the abuse of a dominant position for 2005. Consequently, Court decided that the procedure should only be continued for the latter period (both for other procedural issues and on merits). Proximus will launch a "pourvoi en cassation" against this judgment in so far, according to Proximus, the decision should not have been annulled partially (2004), but totally (2004 and 2005), exactly because of the illegality of the dawn raid.

In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Bel-gian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom.

Gial case

On 19 June 2019, Proximus was indicted by a Brussels investigating judge following a complaint on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the secrecy of the investigation, the details of this case cannot be set out in this report.

Nevertheless, Proximus would like to mention the existence of this case to ensure transparency.

For information purposes: if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts which it is accused of and in view of the indictment by the investigating judge, the maximum fine that could be imposed to Proximus in the context of this case would be EUR 800,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not set aside any amount for the payment of any fine.

Finally, insofar as necessary, Proximus recalls that the indictment does not in any way imply that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favorable outcome to this case.

Tax proceedings

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2011. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2011 with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest relating to this case should not exceed EUR 29 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

Capital expenditure commitments

At 31 December 2020, the Group had contracted commitments of EUR 913 million (intangible assets EUR 213 million; tangible assets EUR 700 million). The commitments related to the intangible assets contain those related to the Eleven Sports' contracts (See Note4). The tangible assets are mainly related to commitments related to technical and network equipment related to the further accelerated investment plan for Fiber.

Fiber partnerships

The Group has concluded partnership agreements with EQT infrastructure and Eurofiber to jointly build fiber networks (see note 8.4). In this context the Group has also committed to certain capital injections in the new joint entities being established

Other rights and commitments

At 31 December 2020, the Group has the following other rights and commitments:

The Group received guarantees for EUR 2 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 13 million from its suppliers to ensure the completion of contracts or works ordered by the Group. The Group granted guarantees for an amount of EUR 129 million (including the bank guarantees mentioned in note 32.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations.

In accordance with the law of 13 June 2005 on electronic communication, Proximus is entitled to claim compensation for the social tariffs that it has offered since 1 July 2005 as part of its universal service provision. For every operator offering social tariffs, the BIPT is required to assess whether or not there is a net cost and an unreasonable burden. In May 2014, the BIPT, together with an external consultant, started to analyse the net costs Proximus bore in providing the social discounts, which were offered over the period 2005-2012, the aim being to assess the possibility of there being an unreasonable burden on Proximus, and hence the possibility of a contribution being due by the operators liable to pay a contribution. On 1 April 2015, however, Proximus withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of classifying mobile social tariffs as an element of the universal service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision would be clear. In a judgment of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of a compensation mechanism to which specific undertakings have to contribute.

In its judgment of 3 February 2016 (no. 15/2016), the Constitutional Court, taking into account the Judgment of the Court of Justice, indicated that since the Member States are free to consider mobile communication services (voice and internet) as additional mandatory services, the Legislator could impose the obligation on mobile operators to provide mobile tariff reductions to social subscribers. However, it specified that a financing mechanism for such services involving specific undertakings cannot be imposed. It is up to the Legislator to decide whether, for the provision of such services, compensation should be calculated by means of another mechanism which does not involve specific undertakings.

In its communication of 27 December 2017 regarding the monitoring van the universal service, the BIPT states the following : '(PXS translation) 'Following this, the Constitutional Court has decided on 3 February 2016 that Belgium cannot oblige the telecom operators to grant social tariffs for mobile telephony and mobile internet. However, the government could decide to make the services accessible to the public as 'additional obligatory services', however without a possibility to have a financing from the sectorial compensation fund.' Given this reading of the BIPT, it has been decided not to grant any longer social tariffs on standalone mobile internet formulas. Social reductions on bundles for mobile internet are being maintained.

In 2015, the Minister competent for electronic communications announced a reform of the legal system of social tariffs, prioritizing a simplification of the current system as well as an evolution towards a system based on voluntary engagement. So far the Minister has not yet transformed his intention into a concrete draft law. The claim for compensation for the social tariffs has not been renewed. The transposition of the European Electronic Communication Code into Belgian law might possibly bring changes to the definition of the social tariffs. The recent federal Government Agreement 2020 announces an innovation of the system of social tariffs

Mobile Vikings

On 14 December 2020 Proximus signed a binding agreement with DPG Media to acquire Mobile Vikings, which also includes the Jim Mobile brand. With this transaction, Proximus brings on board a major Belgian mobile virtual network operator that primarily targets the segment of youngsters. Completion of the deal is subject to the approval of the Belgian Competition Authority. The transaction amounts to EUR 130 million.

Note 35. Share-based Payment

Discounted Share Purchase Plans

In 2019 and 2020, the Group launched Discounted Share Purchase Plans.

Under the 2019 and 2020 plans, Proximus sold respectively 3,033 and 3,092 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price for EUR between EUR 20.64 and EUR 21.35 per share in 2019 and for EUR 15.54 in 2020). The cost of the discount is below EUR one million in 2020 and in 2019 and was recorded in the income statement as workforce expenses (see note 26).

Performance Value Plan

In 2013, 2014, 2015, 2016, 2017 and 2018, Proximus launched different tranches of the "Performance Value Plan" for its senior management. Under this Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights are dependent on the achievement of market conditions based on Proximus' Total Shareholder Return compared to a group of peer companies.

After the vesting period, rights can be exercised for four years. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised yet are forfeited. In case of involuntary leave (except for serious cause) or retirement the rights remain and continue to vest during the normal 3-year vesting period.

The Group determines the fair value of the arrangement at inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled (currently not material) and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value of the tranches 2017 and 2018 amounted respectively to EUR 0 and 5 million for each tranche as of 31 December 2020. The annual charge of these tranches amounted to respectively EUR 0.4 million and EUR 0.5 million. The calculation of simulated total shareholder return for those tranches under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of 31 December 2020.

	As of 31 December	
	2019	2020
Weighted average risk free of return	-0.296%	-0.550%
Expected volatility - company	18.76%-19.02%	26.53%-27.05%
Expected volatility - peer companies	14.37%-28.70%	15.33%-41.43%
Weighted average remaining measurement period	2.25	2.15

In 2019 and 2020, Proximus launched tranches of the changed "Performance Value Plan" for its senior management. Under this changed Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights is dependent on an extended number of KPI's which are the composed of the Proximus' Total Shareholder Return compared to a group of peer companies (40%), the group Free Cash Flow (40%) and the Reputation Index (20%). The final KPI is the average of the intermediary calculations of the 3 calendar years.

The fair value of the tranches 2019 and 2020 amounted respectively to EUR 4 and 2 million as of 31 December 2020 based on actual calculation. The annual charge of these tranches amounted to EUR 2 million.

Employee Stock Option Plans

In 2012, Proximus launched a last yearly tranche of the Employee Stock Option Plan to the key management and senior management of the Group. The Plan rules were adapted early 2011 according to the Belgian legislation. Therefore, as from 2011, the Group launched two different series: one for the Executive Committee, Chief Executive Officer included and one for the other key management and senior management.

As prescribed by IFRS 2 ("Share-based Payments"), the Group recognizes the fair value of the equity portion of the share options at inception date over their vesting period in accordance with the graded vesting method and periodic re-measurement of the liability component. Black&Scholes is used as option pricing model.

The annual charge of the graded vesting including the liability component re-measurement is recognized as workforce expenses and amounts to EUR 0.1 million in 2019 was below EUR 0.1 million in 2020. Unexercised or forfeited stock options generated a gain of EUR 0.2 million.

All tranches granted from 2004 to 2012 are closed.

The dividend liability was included under the caption "Other current payables' and amounted to EUR 0.5 million on 31 December 2019 and 0 on 31 December 2020.

In 2009, the Group gave the opportunity to its option holders to voluntary extend the exercise period of all the former tranches (except the 2009 tranche) with 5 years, within the guidelines as established by the law.

For all the tranches except the 2004 tranche and the Executive Committee series of 2011 and 2012 tranches (as described below),

- in case of voluntary leave of the employee, all unvested options forfeit except during the first year, for which the first third of the options vests immediately and must be exercised prior to the second anniversary following the termination date of the contract, as for all vested options;
- in case of involuntary leave of the employee, except for serious cause, all unvested options vest immediately and must be exercised prior to the second anniversary following the termination date of the contract or prior to the expiration date of the options whichever comes first, as for all vested options;
- in case of involuntary leave of the employee for serious cause, all options forfeit immediately.

For the Executive Committee series of the 2011 and 2012 tranches:

- in case of voluntary leave of the Executive Committee member during a period of three year following the grant 50% of the options immediately forfeit. If the voluntary leave takes place after that date, the options continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or prior to the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- in case of involuntary leave of the Executive Committee member, except for serious cause, the options will continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- in case of involuntary leave of the Executive Committee member for serious cause, all options forfeit immediately.

All the plans are closed, From the 24,057 remaining stock options as per 31 December 2019 for the plan 2008, 16,583 have been exercised and 7,474 have expired in 2020.

Note 36. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2020 for an amount of EUR 1,674,342 for audit mandate and control missions and EUR 163,596 other missions.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Audit mandate	984,650	613,335
Other Control Missions	74,869	1,489
Other Missions	105,023	58,572
Total	1,164,542	673,396

Note 37. Segment reporting

The Board of Directors, the Chief Executive Officer and the Executive Committee assesses the performance and allocates resources of Proximus Group based on the client-oriented organization structured around the following reportable operating segments:

- The Consumer Business Unit (CBU) sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers and small offices as well as ICT-services mainly on the Belgian market
- The Enterprise Business Unit (EBU) sells ICT and Telecom services and products to medium and corporate enterprises. These ICT solutions, including telephone services, are marketed mainly under the Proximus, and Telindus brands, on both the Belgian and international markets;
- Carrier & Wholesale Services (CWS) sells services to other telecom and cable operators;
- International Carrier Services (ICS) is responsible for international carrier activities;
- Customer Unit Operations (CUO) provides related customer operations. This segment is reported internally separately but its Direct Margin is included in the Consumer segment for external reporting purposes
- Other Business Units that are reported internally separately but combined in one for external reporting purposes
    - The Network Unit (NBU excluding CWS) centralizes all the network and network related IT services and costs and provides services to CBU, EBU and CWS;
    - Digital Transformation and IT (DTI): leads and transforms the digital front-end and digital products of Proximus and optimizes the Proximus IT and full data landscape
    - Staff and Support (S&S) brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate that support the Group's activities.

The Operating expenses of all Business Units except ICS are combined for external reporting purposes

The Group monitored the operating results of its reportable operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance was evaluated on the following basis:

- Direct margin net of incidentals. The segment reporting below provides a reconciliation between underlying figures and those reported in the financial statements.
- The capital expenditures.

Group financing (including finance expenses and finance income) and income taxes were managed on a group basis and are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements but are disclosed excluding "incidentals". The Group defines "incidentals" as material items that are out of usual business operations.

Intercompany transactions between legal entities of the Group are invoiced on an arm's length basis.

In order to be consistent with the Fixed inbound revenues, the Mobile inbound revenues were moved in 2020 from the Consumer/Enterprise segments to the Wholesale segment. 2019 figures have been updated accordingly.

	Year ended 31 December 2020									
	Group Proximus				underlying by segment					
(EUR million)	**Reported**	**Lease depreciation**	**Incidental**	**Underlying**	**BICS**	**Domestic (Group excl. BICS)**	**Consumer**	**Enterprise**	**Whole sale**	**Others**
Net revenue	5,443	0	0	5,443	1,193	4,250	2,648	1,344	313	-54
Other operating income	38	0	-2	36	1	35	20	6	0	9
TOTAL INCOME	5,481	0	-2	5,479	1,194	4,285	2,668	1,350	313	-45
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-1,901	-2	0	-1,904	-891	-1,013	-596	-441	-29	53
Direct margin	3,580	-2	-2	3,576	303	3,273	2,072	909	284	8
Workforce expenses	-1,128	0	-13	-1,141	-104	-1,036				
Non workforce expenses	-530	-82	13	-599	-68	-531				
TOTAL OPERATING EXPENSES	-1,658	-82	0	-1,740	-172	-1,567				
OPERATING INCOME before depreciation & amortization	1,922	-84	-1	1,836	131	1,705				
Depreciation and amortization	-1,116									
OPERATING INCOME	805									
Net finance costs	-48									
Share of loss on associates	-1									
INCOME BEFORE TAXES	756									
Tax expense	-174									
NET INCOME	582									
Attributable to:										
Equity holders of the parent (Group share)	564									
Non-controlling interests	18									

	Year ended 31 December 2020					
(EUR million)	**Group**	**Consumer Business Unit**	**Enterprise Business Unit**	**Network and IT divisions**	**Staff & Support**	**International Carrier Services**
Capital expenditure	1,053	213	44	724	27	44

	Year ended 31 December 2019									
	Group Proximus				underlying by segment					
(EUR million)	Reported	Lease depreciation	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Whole sale	Others
Net revenue	5,638	0	0	5,638	1,297	4,341	2,647	1,392	376	-73
Other operating income	59	0	-11	48	4	44	25	6	0	13
TOTAL INCOME	5,697	0	-11	5,686	1,301	4,386	2,672	1,398	376	-60
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-2,018	-5	9	-2,014	-976	-1,038	-636	-447	-36	80
Direct margin	3,680	-5	-2	3,673	325	3,348	2,036	951	341	20
Workforce expenses	-1,477	0	278	-1,199	-100	-1,099				
Non workforce expenses	-527	-79	3	-603	-72	-531				
TOTAL OPERATING EXPENSES	-2,004	-79	280	-1,802	-172	-1,630				
OPERATING INCOME before depreciation & amortization	1,676	-84	278	1,870	153	1,718				
Depreciation and amortization	-1,120									
OPERATING INCOME	556									
Net finance costs	-47									
Share of loss on associates	-1									
INCOME BEFORE TAXES	508									
Tax expense	-116									
NET INCOME	392									
Attributable to:										
Equity holders of the parent (Group share)	373									
Non-controlling interests	19									

	Year ended 31 December 2019					
(EUR million)	Group	Consumer Business Unit	Enterprise Business Unit	Network and IT divisions	Staff & Support	International Carrier Services
Capital expenditure	1,035	170	45	750	31	39

In respect of geographical areas, the Group realized EUR 3,837 million net revenue in Belgium in 2020 (IFRS 15 basis) and EUR 3,900 million in 2019 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,606 million in 2020 and EUR 1,738million in 2019. More than 90% of the segment assets are located in Belgium.

Note 38. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2020.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2021 or later:

Newly issued standards, Interpretations and amendments:

- IFRS 17 - Insurance Contracts (2023);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform Phase 2 (2021);
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current (2023);
- Amendments to IFRS 3 – Business Combination - Reference to the Conceptual Framework (2022);
- Amendments to IAS 16 - Property, Plant and Equipment – Proceeds Before Intended Use (2022);
- Amendments to IAS 37 – Provisions, Contingent liabilities, Contingent assets - Onerous Contract – Cost of Fulfilling a Contract (2022);
- Annual Improvements to IFRS Cycle 2018-2020 (2022);
- Amendment to IFRS 16 Covid-19 – Related Rent Concessions (06/2020).

The Group will continue investigating the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2021.

The Group does not anticipate material impacts from the initial application of those IFRS

Note 39. Post balance sheet events

In July 2020, Proximus communicated to the market that the shareholders of BICS (Belgacom International Carrier Services) were exploring a potential sale of 51% of the company's shares. After investigation of different scenarios, Proximus has concluded that the best way to execute upon its plans to create long-term value for BICS and BICS' subsidiary TeleSign was to acquire 100% ownership of BICS.

On 9th February 2021, Proximus announced an agreement had been reached with MTN and Swisscom, the two minority shareholders of BICS, on the acquisition by Proximus of their respective stakes of 20.0% and 22.4% in BICS for a total cash consideration of EUR 217 million.

As Proximus already controlled BICS before this transaction, this acquisition qualifies as an equity transaction. This means that the negative difference between (1) the amount by which the non-controlling interests are adjusted, and (2) the fair value of the consideration paid is taken directly in deduction of the shareholders' equity attributable to the parent.

There are no other significant post balance sheet events.

Consolidated management report

Management discussion and analysis of financial results

1. Introductory remarks

Underlying revenue and EBITDA

Proximus' management discussion is focused on underlying figures, i.e. after deduction of the incidentals and including operating lease expenses. The underlying company figures are reported to the chief operating decision makers in view of resources allocation and performance assessment.

Proximus provides in a transparent way a view of the operational drivers of the business by isolating incidentals, i.e. revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-year variance of the Proximus Group revenue or EBITDA. In addition, following the application of the IFRS 16 accounting standard, the definition of "underlying" was adjusted to include as of 2019 the lease depreciation & interest. The adjusted revenue and EBITDA are referred to as "underlying" and allow for a meaningful year-on-year comparison.

Definitions can be found in section 7 of this chapter.

	Revenues		Ebitda	
(EUR million)	**2019**	**2020**	**2019**	**2020**
Reported	5,697	5,481	1,676	1,922
Lease depreciations			-82	-82
Lease interests			-2	-2
Incidentals	-11	-2	278	-1
Underlying	5,686	5,479	1,870	1,836
Total incidentals	-11	-2	278	-1
Capital gains on building sales	-7	-2	-7	-2
Early Leave Plan and Collective Agreement			19	-3
Fit For Purpose Transformation Plan			253	-12
Shift to Digital plan*			9	
M&A-related transaction costs			9	21
Change in M&A contingent consideration	-4		-4	
Pylon Tax provision update (re. past years)			-1	-6

*The incidental costs related the to the Shift to Digital plan represent mainly exceptional costs linked to the optimization of Proximus' sales channel footprint following its increased focus on e-Sales.

Reporting changes as from 2020

As of January 2020, the reporting changes below have been implemented. The figures for 2019 have been restated accordingly to allow for a meaningful year-on-year comparison.

1. Within the Consumer segment, the former X-play household view was changed into an X-play customer view.

• Following GDPR implementation, the Household concept started to lose some of its value given that some household data was no longer available. Therefore, Proximus decided to move from a Household to a Customer view. The Customer view is based on internally used customer identification numbers.

• The number of Customers is larger compared to the number of Households reported previously. This is because, in some cases, one single household has more than one customer identification number. As a consequence, the Average Revenue per Customer (ARPC) is somewhat below the ARPH. The year-on-year trends are however very similar.

2. Mobile inbound revenue was reclassed from Consumer /Enterprise segments to the Wholesale segment.

In order to be consistent with the Fixed inbound revenues, the Mobile inbound revenues were moved from the Consumer/ Enterprise segment to the Wholesale segment. This reclass is applicable for both the revenues and for the ARPU.

3. Other small reporting changes.

• Luxembourg Telco's Mobile card base is split between "Mobile postpaid excl. M2M" and "M2M" cards.

• A customer cleaning exercise in the Consumer segment resulted in some very minor impacts on the 2019 year-end base.

Disaggregation of revenue

The revenue by segment is disclosed in the table below.

	31 December 2020						
(EUR million)	GROUP	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	5,443	1,193	4,250	2,648	1,344	313	-54
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	**5,443**	**1,193**	**4,250**	**2,648**	**1,344**	**313**	**-54**
Other operating income (underlying)	36	1	35	20	6	0	9
Other operating income (incidentals)	2	0	2	0	0	0	2
Other operating income (reported)	**38**	**1**	**37**	**20**	**6**	**0**	**10**
Total income (underlying)	5,479	1,194	4,285	2,668	1,350	313	-45
Total income (incidentals)	2	0	2	0	0	0	2
Total income (reported)	**5,481**	**1,194**	**4,287**	**2,668**	**1,350**	**313**	**-44**

Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Covid-19 impacts

While Proximus Group proved to be fairly resilient to the sanitary crisis, it was not fully immune. The greatest exposure by far was on roaming margin, driven by the international travel bans/reluctance leading to a steep decrease in roaming traffic. This affected Proximus' Consumer, Enterprise and Wholesale segment, as well as its international carrier segment, BICS. The ICT business too was affected, though the overall impact of delayed or cancelled ICT projects in view of Covid-19 remained contained. Overall, the Covid-19 impact on the Proximus Group direct margin was estimated at a negative EUR 70 million, of which about EUR 50 million related to its Domestic operations.

The adverse Covid-19 impact on the company's EBITDA was in part contained through an active management of its expenses, in addition to a direct favourable cost impact from lockdown, such as lower fuel, travel and energy expenses. In total, Proximus Group estimated the total cost saving attributable to Covid-19 measures at about EUR 20 million. Therefore, Proximus could limit the negative EBITDA impact to an estimated EUR 49 million, of which about EUR 34 million related to its Domestic operations

In view of preserving its EBITDA – Capex for the year 2020, Proximus managed the level of its Capex by deprioritizing less strategic Capex projects, while safeguarding its crucial strategic investments in Fiber, 5G and its digital transformation plans.

Key Figures - 10-year overview

									IFRS 15	IFRS 15&16	IFRS 15&16
Income Statement (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Reported income	7,040	6,417	6,462	6,318	6,112	6,012	5,873	5,802	5,829	5,697	5,481
Revenue incidentals	N/A	N/A	N/A	N/A	248	17	3	24	21	11	2
Underlying revenue	N/A	N/A	N/A	N/A	5,864	5,994	5,871	5,778	5,807	5,686	5,479
Reported EBITDA (1)	2,428	1,897	1,786	1,699	1,755	1,646	1,733	1,772	1,794	1,676	1,922
Lease depreciation and interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84	84
EBITDA incidentals	N/A	N/A	N/A	N/A	102	-88	-63	-51	-70	-278	1
Underlying EBITDA (1)	N/A	N/A	N/A	N/A	1,653	1,733	1,796	1,823	1,865	1,870	1,836
Depreciation and amortization	-809	-756	-748	-782	-821	-869	-917	-963	-1,016	-1,120	-1,116
Operating income (EBIT)	1,619	1,141	1,038	917	933	777	816	809	778	556	805
Net finance income / (costs)	-102	-106	-131	-96	-96	-120	-101	-70	-56	-47	-48
Share of loss on associates	0	0	0	0	-2	-2	-1	-2	-1	-1	-1
Income before taxes	1,517	1,035	907	822	835	655	715	738	721	508	756
Tax expense	-233	-262	-177	-170	-154	-156	-167	-185	-191	-116	-174
Non-controlling interests	17	17	19	22	27	17	25	30	22	392	18
Net income (Group share)	1,266	756	712	630	654	482	523	522	508	373	564
Cash flows (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Cash flows from operating activities	1,666	1,551	1,480	1,319	1,447	1,386	1,521	1,470	1,558	1,655	1,515
Cash paid for Capex	-734	-757	-773	-852	-916	-1,000	-962	-989	-1,099	-1,091	-1,089
Cash flows from / (used in) other investing activities	48	-7	-16	38	180	22	0	-189	-8	12	9
Lease payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-78	-82
Free cash flow (2)	980	788	691	505	711	408	559	292	451	498	352
Cash flows from / (used in) financing activities other than lease payments	-728	-1,051	-809	-353	-364	-608	-764	-256	-444	-515	-363
Net increase / (decrease) of cash and cash equivalents	252	-264	-118	152	347	-200	-205	36	7	-17	-13
Balance sheet (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Balance sheet total	8,511	8,312	8,243	8,417	8,522	8,283	8,117	8,527	8,671	8,978	8,779
Non-current assets	6,185	6,217	6,192	6,254	6,339	6,386	6,372	6,735	6,850	7,160	7,120
Investments, cash and cash equivalents	627	356	285	415	710	510	302	338	344	327	313
Shareholders' equity	3,108	3,078	2,881	2,846	2,779	2,801	2,819	2,857	3,005	2,856	2,903
Non-controlling interests	235	225	211	196	189	164	162	156	148	142	123
Liabilities for pensions, other post-employment benefits and termination benefits	565	479	570	473	504	464	544	568	605	864	645
Net financial position (incl. lease liability)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2,492	-2,639
Net financial position (excl. lease liability as from 2019)	-1,451	-1,479	-1,601	-1,815	-1,800	-1,919	-1,861	-2,088	-2,148	-2,185	-2,356
Proximus share	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Weighted average number of ordinary shares (3)	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006	322,752,015
Basic earnings per share - as reported (EUR) (4)	3.94	2.36	2.24	1.98	2.04	1.50	1.62	1.62	1.58	1.16	1.75
Total dividend per share (EUR) (5)	2.18	2.18	2.49	2.18	1.50	1.50	1.50	1.50	1.50	1.50	1.20
Share buyback (EUR million)	0	100	0	0	0	0	0	0	0	0	0
Data on employees	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Number of employees (full-time equivalents)	16,308	15,788	15,859	15,699	14,187	14,090	13,633	13,391	13,385	12,931	11,423
Average number of employees over the period	16,270	15,699	15,952	15,753	14,770	14,040	13,781	13,179	13,161	13,007	11,544
Underlying revenue per employee (EUR)	N/A	N/A	N/A	N/A	410,746	426,958	425,997	438,413	441,238	437,173	474,647
Total income per employee (EUR)	432,685	408,760	405,084	401,080	413,826	428,194	426,201	440,240	442,870	438,005	474,783
Underlying EBITDA per employee (EUR)	N/A	N/A	N/A	N/A	111,923	123,467	130,315	138,325	141,681	143,801	159,057
Total EBITDA (1) per employee (EUR)	149,247	120,834	111,973	107,851	118,798	117,251	125,743	134,483	136,342	128,856	166,467
Ratios - on underlying basis	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Return on Equity	N/A	N/A	N/A	N/A	21.8%	18.9%	19.4%	19.2%	18.4%	19.9%	19.5%
Direct margin	N/A	N/A	N/A	N/A	57.8%	59.6%	61.8%	62.5%	63.4%	64.6%	65.3%
Net debt (excl lease liability as from 2019)/ EBITDA	N/A	N/A	N/A	N/A	1.09	1.11	1.04	1.15	1.15	1.17	1.28

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities but after lease payments.
(3) i.e. excluding Treasury shares.
(4) No difference between basic and diluted earnings per share
(5) Accounting view (no cash view)

- Consumer segment posted a solid customer growth for Internet, TV and Mobile Postpaid, supported by convergent offers, in highly competitive market.
- Domestic revenue pressure mainly due to Covid-19 related roaming loss, lower inbound revenue, and Fixed Voice decline, partly compensated for the rising convergent customer base.
- Proximus showed resilience in the sanitary crisis, offsetting part of the Direct margin impact by strict cost control.
- Domestic expenses reduced by 3.9%, limiting Domestic EBITDA decline to -0.7%
- BICS' 2020 EBITDA down 14.5% due to high Covid-19 exposure and MTN insourcing effect.
- The underlying Proximus Group EBITDA was down by EUR 34 million, including about EUR 49 million Covid-19 impact.
- Free Cash Flow of EUR 352 million, including EUR 154 million more cash-out related to workforce transformation plans.

2. Proximus Group

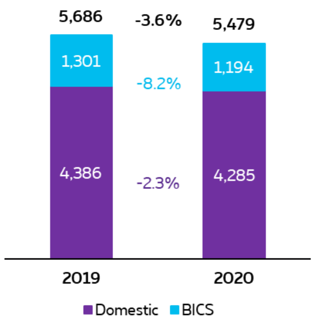
Revenue

The Proximus Group ended the year 2020 with total underlying revenue of EUR 5,479 million, -3.6% below that of the prior year. Proximus' operations have shown some resilience to the sanitary crisis, with the loss of revenue largely contained to the loss in roaming revenue following the significant limitation in worldwide traveling, affecting Proximus' Domestic segments and its International Carrier segment BICS. Moreover, Proximus launched several customer actions, giving an amount of free usage during the lockdown, supporting its customers to get through the Covid-19 crisis. A continued decrease in regular SMS usage, with customers moving to OTT services, pressured the inbound revenue reported within the Wholesale segment, with close to zero margin effect on Domestic level.

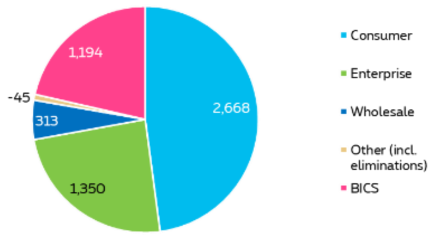
Within the mix, the underlying Domestic revenue decreased by -2.3%, and revenue from BICS, Proximus' International Carrier business unit, ended -8.2% below that of the prior year.

Group underlying revenue
EUR 5,479M

Group revenue (underlying, M€)

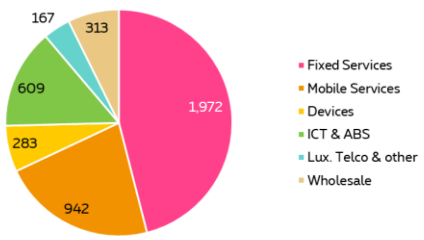


Group revenue by segment (underlying, M€)



For its Domestic operations, Proximus posted revenue of EUR 4,285 million in 2020, with the largest part coming from retail Fixed and Mobile Telecom services generated by the Consumer and Enterprise segments. In a challenging competitive setting, Proximus achieved an ongoing expansion of its TV, Internet and Mobile Postpaid customer base. Moreover, the revenue from ICT showed some progress in a tough economic setting, with Proximus providing digital transformation solutions for its professional customers.

Domestic revenue by product (underlying, M€)



Including the Covid-19 headwind, the revenue from Proximus' domestic operations was down from the prior year by EUR 100 million or -2.3%. The Mobile Services revenue in particular was affected by Covid-19, causing a strong reduction in roaming traffic. In spite of a firm growth in Proximus' Mobile Postpaid customer base by a total of 174,000 Sim cards, or +4.2% on the prior year, the Domestic Mobile services revenue was down by -5.5% compared to 2019. Besides the sanitary crisis impacting the roaming revenue, the Mobile services revenue was pressured by less out-of-bundle revenue, an ongoing erosion in Prepaid and pricing pressure in the Enterprise segment. Moreover, the year-on-year variance was negatively impacted for EUR 7 million by the remaining carry-over effect of the lowered International calling/texting rates since 15 May 2019.

Proximus' Luxembourg Telecom branch posted EUR 139 million in revenue, of which EUR 116 million was generated by the Consumer segment. The total revenue was down by EUR 2 million in 2020, or -1.2% from the previous year, with the decline mainly related to the sanitary crisis reducing international traveling. The Covid-19 headwind was partly offset by a sound year-on-year customer growth, with the Internet base growing 9.2%, the TV base by 8.2% and Mobile Postpaid by 5.9%, excl. M2M.

Proximus' Wholesale segment too was affected by Covid-19-with revenue from visitor and instant roaming impacted by travel reluctance. This came on top of the mobile inbound erosion, with customer usage shifting from SMS to OTT alternatives.

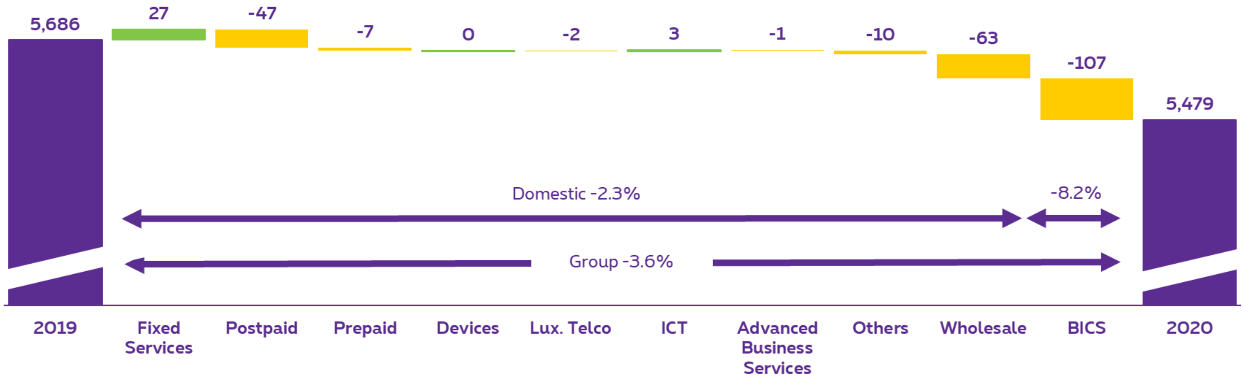
In 2020, BICS' revenue totaled EUR 1,194 million, -8.2% below that of 2019.

BICS operates in the international communications market, which is highly competitive. For 2020, BICS posted an 8.2% decline in its revenue, totaling EUR 1,194 million.

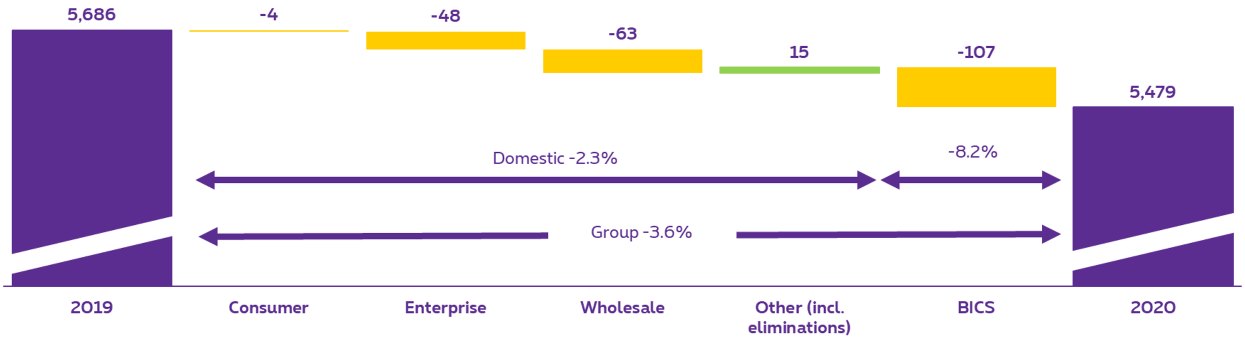
Revenue from BICS standalone declined by 18.3% reaching EUR 921 million, driven by a decrease in revenue from low-margin legacy voice and mobility-dependent (roaming, signaling) services. Revenue from Voice services continued its eroding trend in line with the market, reinforced by negative Covid-19 effects on international traffic and due to the ongoing insourcing by MTN of the transport and management of its traffic. Revenue from signaling and roaming showed a year-on-year decline as well, with these services being significantly exposed to the very limited travel circulation across the globe.

Revenue from TeleSign continued its increasing trend, with revenue for 2020 up by 56.8% year-on-year, recording sustained revenue growth in both authentication and mobile identity services.

Revenue evolution per product group (underlying, M€)

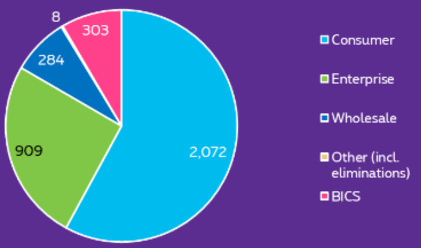


Revenue evolution by segment (underlying, M€)



Direct Margin

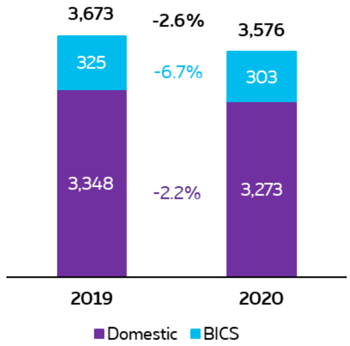
Over the full-year 2020 the Proximus Group Direct Margin totaled EUR 3,576 million, a -2.6% or EUR -97 million decline compared to 2019, including an estimated EUR -70 million Direct Margin loss associated with Covid-19.



With **EUR 3,273 million, Proximus' Domestic direct margin** ended -2.2% or EUR -75 million below that of 2019. The year-on-year variance was impacted by Covid-19 effects for an estimated amount of EUR -51 million, and by lowered International calling/texting rates in May 2019, having a EUR -7 million negative impact. Moreover, the direct margin variance was impacted by negative effects of a temporary nature[1]. These headwinds were partially offset by the positive effect of Proximus' ongoing customer growth, especially resulting from a successful convergence strategy in the Consumer segment, further supported by e-Press.

The **direct margin of BICS for 2020 was down by -6.7%** year-on-year to total EUR -303 million, including an impact from the pandemic related travel restrictions for a total estimated amount of about EUR -18 million, in addition to a progressive impact from MTN's insourcing of services. This was somewhat compensated for by a continued strong performance by TeleSign.

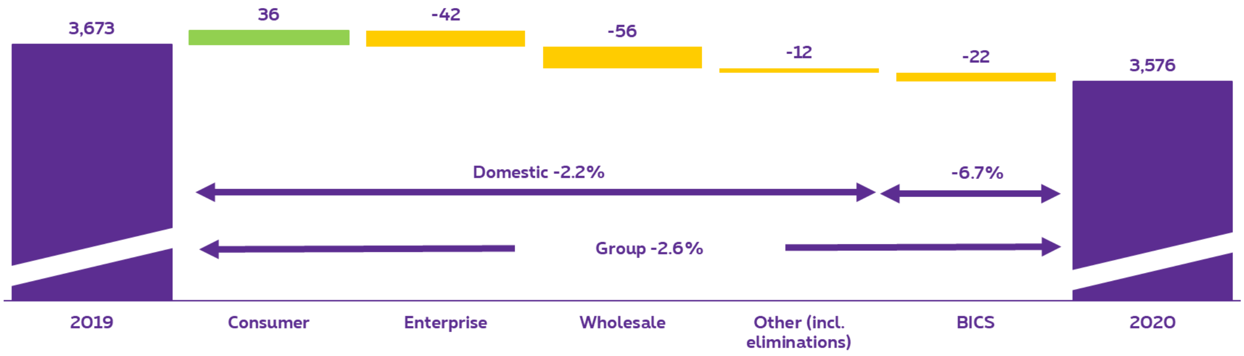
Direct Margin (underlying, M€)



Group underlying direct margin
EUR 3,576M

[1] Loyalty provision reversal, lower installation, reconnection & reminder fees.

Direct Margin evolution by segment (underlying, M€)



Operating expenses

The Proximus Group reduced its operating expenses by EUR -63 million, or -3.5%, to reach a total for the year 2020 of EUR 1,740 million.

This decrease was fully driven by Proximus' Domestic cost base, totaling EUR 1,567 million for 2020, mainly resulting from its strong focus on structurally improving its cost base by means of efficiency and digitalization. The sanitary crisis accelerated Proximus' digitalization trajectory, resulting in sooner than expected cost benefits. Moreover, the cost base of the company benefitted from some pandemic-related effects, driven a.o. by the massive homeworking, the travel bans, cancellation of sponsoring events …

Out of the EUR 63 million year-on-year decrease in Domestic expenses, about EUR 45 million was related to structural cost benefits, largely the result of the decrease in headcount and efficiency savings.

The Domestic Workforce related expenses were down by -5.7% compared to the prior year, driven by a reduction in workforce mainly following the Fit for Purpose plan. On 1 March 2020, most employees that had signed up for this plan had left the company. This in addition to a last wave of employees that left on the 1st of January 2020 under the prior program 'Early Leave Plan prior to Retirement'. Including new hiring over the year, natural outflow and retirements, Proximus' Domestic operations counted a total of 10,530 FTEs by end-2020, compared to 12,143 FTEs one year back. The resulting cost reduction was partly offset by wage drift, mainly on an inflation-based salary indexation (1 April 2020). Moreover, some workforce-related costs, in the prior year recognized as capex, are accounted for as operational cost, mainly driven by the cloudification impact of some of our activities.

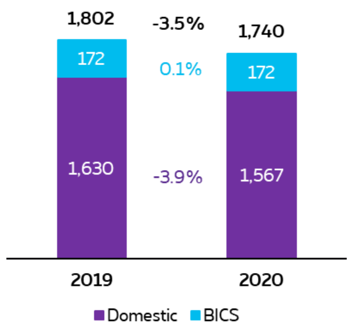
The addressable base for the company's cost reduction ambitions are the "indirect expenses" of Proximus' Domestic operations. This is the Domestic cost base excluding the billable ICT workforce expenses in the B2B segment, given the company's growth ambitions in this area. Proximus reduced its indirect domestic expenses in 2020 by -4.4 % or EUR -68 million.

Strong focus on efficient Domestic cost structure led to a net cost saving of

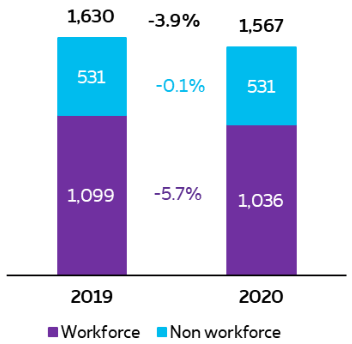
EUR 63M

The Operating expenses of BICS totaled EUR 172 million for 2020, stable compared to 2019 , including higher workforce costs following hirings at TeleSign to fuel its growth, off-set by lower non workforce expenses, helped by Covid-19 related cost savings.

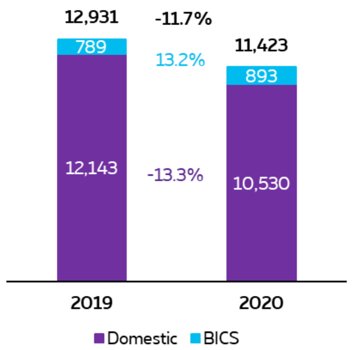
Operating expenses (underlying, M€)



Domestic operating expenses (underlying, M€)



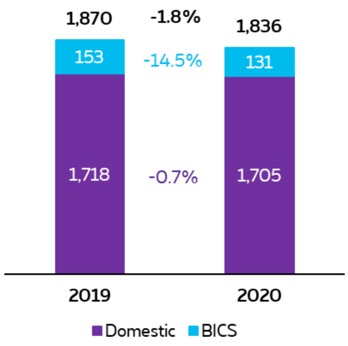
Headcount evolution (in FTE)



Underlying EBITDA

The Proximus Group posted an underlying EBITDA of EUR 1,836 million for 2020, down by -1.8% from the prior year.

EBITDA (underlying, M€)

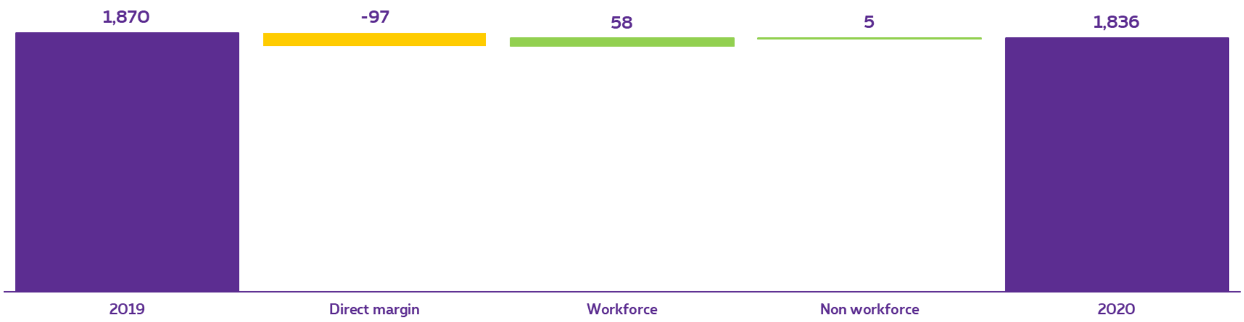


Domestic underlying EBITDA
-0.7%

The Domestic operations of Proximus posted EUR 1,705 million EBITDA, a year-on-year decline of -0.7% or EUR -12 million. The companies' strong cost control was more than offset by the pressure on Direct Margin. The Domestic EBITDA margin improved to 39.8%, up from 39.2% for 2019.

BICS closed 2020 with its EBITDA totaling EUR 131 million, 14.5 % below that of the prior year fully driven by a decrease in direct margin, a consequence of the gradual insourcing of services by MTN and its Covid-19 exposure. BICS' segment margin as percent of revenue for 2020 was 11.0%, compared to 11.7% the previous year.

EBITDA evolution (underlying, M€)

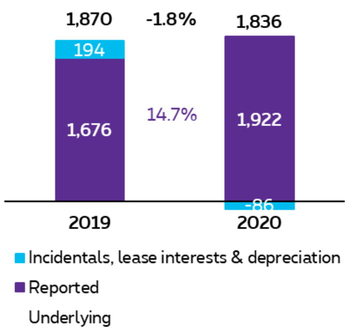


Reported EBITDA

Incidentals included, and operating lease excluded, the Proximus Group reported EBITDA of EUR 1,922 million, positive by 14.7% on the prior year. See page 2 for more information on the incidentals.

In 2020, the Proximus Group recorded only EUR 1 million net positive in incidentals, compared to EUR 278 million net negative EBITDA incidentals for 2019, which was mainly related to the framework of the Fit for Purpose transformation plan and the Early Leave Plan ahead of Retirement. The lease depreciation and interest for 2020 were stable year-on-year, totaling EUR 84 million. (As from 2019, following the application of IFRS 16, these expenses are excluded from the reported EBITDA).

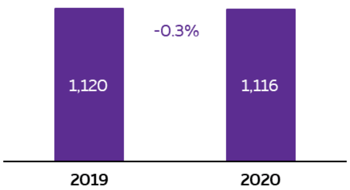
Reported and underlying EBITDA (M€)



Depreciation and amortization

In 2020, the depreciation and amortization totaled EUR 1,116 million, including lease depreciation, remaining stable compared to the EUR 1,120 million for 2019 (-0.3%).

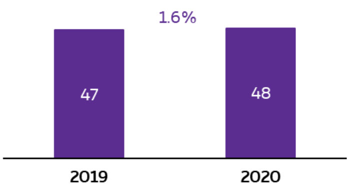
Depreciation and amortization incl. lease depreciation (M€)



Net finance cost

The net finance cost for the year 2020 totaled EUR 48 million, remaining stable compared to last year's level of EUR 47 million (+1.6%).

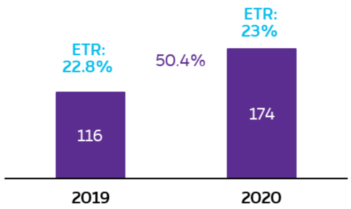
Net finance cost incl. lease interest (M€)



Tax expense

The 2020 tax expense amounts to EUR 174 million, representing an effective tax rate of 23% (as compared to 22.8% in 2019). Despite the statutory tax rate being cut from 29.58% to 25% in 2020, the company's tax expense increased year-on-year by 50.4% mainly in line with the increase of the 2020 profit before tax, whereby 2019 was significantly impacted by the Fit for Purpose restructuring cost. The 2020 ETR remains somewhat below the 25% Belgian statutory tax rate, resulting from the application of general principles of Belgian tax law such as the patent income deduction and other R&D tax incentive regimes that more than offset the impact of non-tax deductible expenses.

Tax expense (M€) and ETR

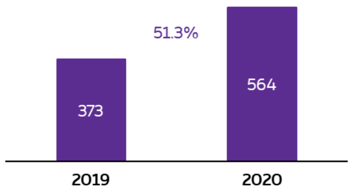


Net income

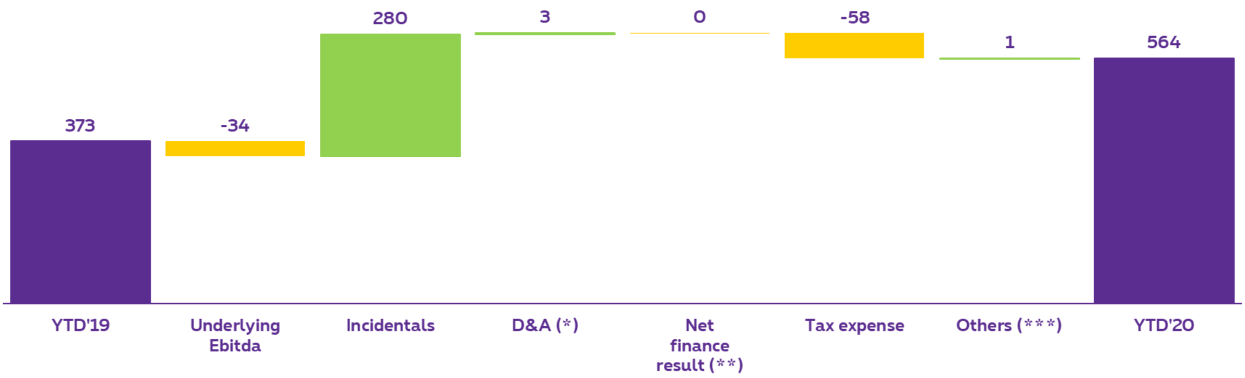
Proximus reported a 2020 net income (Group share) of EUR 564 million. This is up from the prior year, largely as a result of the incidentals that were booked in 2019, which included the restructuring cost related to the Fit for Purpose transformation plan. This positive year-on-year impact was partly offset by lower underlying Group EBITDA, and higher tax expenses.

€ 564M
Net income

Net income (Group Share) (M€)



Net income evolution (M€)



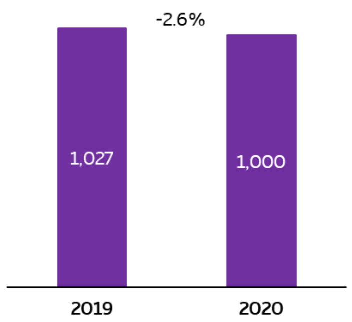
(*) excluding lease depreciation; (**) excluding lease interest; (***) includes Non-controlling interests and Share of loss from associates

Capex (excl. spectrum & football broadcasting rights)

The level of Capex reflects the Group strategy to invest extensively in enhancing its networks and improving the overall customer experience. Proximus invested a total amount of EUR 1,000 million in 2020. With Proximus' Fiber for Belgium project ramping up, this consumed a larger share of the yearly Capex envelope. The deployment of this future-proof network kicked off early 2017 and by end-2020, the Fiber network was brought to the doorstep of 460,000 homes and businesses. Proximus also continued to invest extensively in digitalization and IT platforms. In spite of these investments, the total accrued Capex remained below that of 2019. This was mainly because of a slow-down in Mobile investments in 2020, awaiting Proximus' new Radio Access Network. Moreover, a number of investment projects are passed their capex-peak or have been completed, such as Fiber to the Business in large industrial zonings.

Accrued Capex (M€)

excl. spectrum & football broadcasting rights

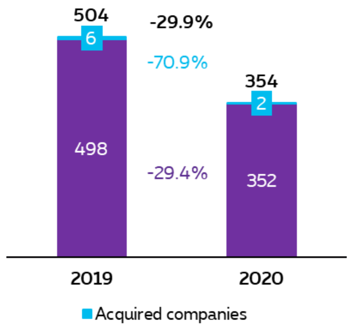


Free Cash Flow

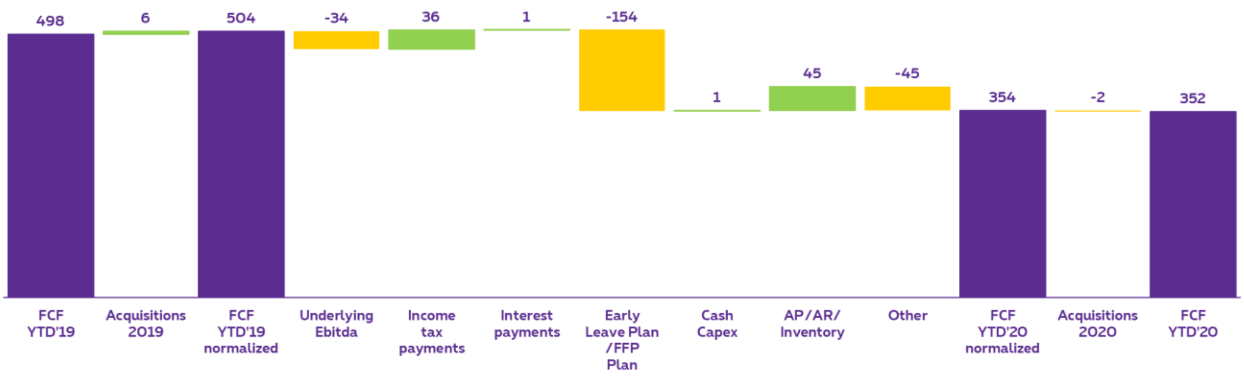
Proximus posted FCF of EUR 352 million over 2020, or EUR 354 million excluding net cash-out for acquisitions. This is EUR 151 million below the comparable amount for 2019, with the FCF of 2020 including EUR 154 million more cash-out related to workforce transformation plans, mainly due to the 2020 Fit for Purpose transformation plan. The lower income tax payments for the full-year 2020 and a favorable year-on-year evolution in Business working capital were offset by the lower underlying EBITDA and other FCF movements, including lower property sales.

€**354M** normalized FCF

Free Cash Flow (M€)



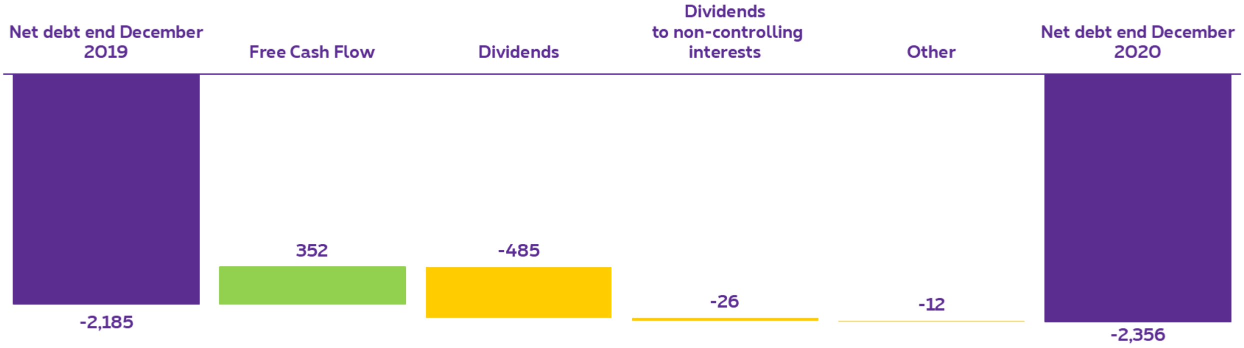
Free Cash Flow evolution (M€)



Net financial position

Proximus' adjusted[2] net debt level increased to EUR 2,356 million by end-2020, reflecting the lower FCF following the exceptional cash-out in 2020 related to its FFP transformation plan. The reported net debt/EBITDA ratio of 1.28 for 2020 remains one of the lowest in the European Telecom sector and well within Proximus' announced debt ambitions going forward, with a significant part of the long-term network investments to be funded by an increased debt level.

Adjusted net debt evolution (M€)



[2] Net debt excluding lease liabilities

- Multi-brand and segmentation strategy driving strong customer growth for Internet, TV and Mobile Postpaid.
- Proximus closed the year with a total of 1,124,000 convergent customers, increasing its convergence rate to 60.0% on the total of Multi-Play customers, +2.5 p.p. up on the prior year.
- Nearly stable Consumer revenue of EUR 2,668 million in spite of significant Covid-19 related impact on roaming revenue.
- Consumer direct margin grew by 1.8% to EUR 2,072 million.

3. Consumer

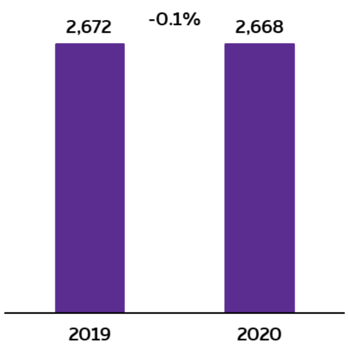
Revenue

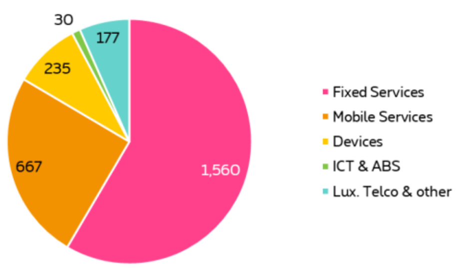
The Consumer revenue over 2020 totaled EUR 2,668 million, nearly stable (-0.1%) compared to 2019. The Consumer segment benefited from a solid growth in its customer base for TV, Internet and Mobile Postpaid under the Proximus and Scarlet brands. Furthermore, the revenue was supported by the 1 January 2020 price changes and by the revenue contribution from e-Press, launched 1 December 2019. While Covid-19 and the related travel limitations had a significant negative impact on Proximus' roaming revenue, there was a limited positive effect on Fixed voice traffic with increased usage since the lock-down in March 2020. The erosion in the Fixed Voice line base however continued following changing customer needs and a better-fitting Flex offering. The Mobile Prepaid base too continued its declining track in a shrinking prepaid market.

Proximus' dual-brand strategy and its segmentation approach for the residential market drove further customer growth and proved once more to be very supportive in a competitive Belgian market. The new convergent offering Flex, launched 1 July 2020, showed strong traction. By end-2020, there were already 317,000 subscriptions to one of the Flex combinations. The launch of Flex accelerated the move to convergent offers and an uptake in multi-mobile offers. By end-2020, Proximus' convergence rate reached 60% and its Average Revenue per Customer (ARPC) EUR 58.6, an increase of 1.1% from the prior year, in spite of the Covid-19 headwinds.

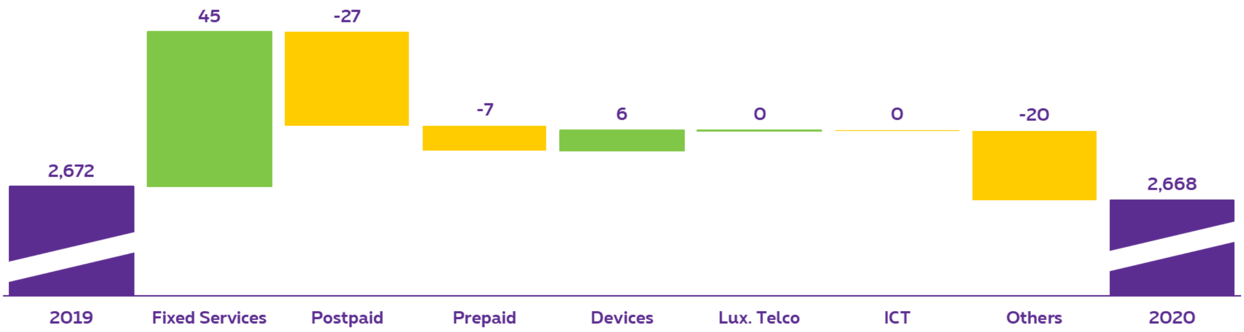
The year-on-year revenue variance included a negative effect on "Other revenue", with 2019 benefitting from a positive provision reversal following the switch to a new customer loyalty program, discontinuing the old one, and due to less reminder and reconnection fees following a Covid-19 related temporary halt on the customer collection process.

Revenue (underlying, M€)





Revenue evolution per product group (underlying, M€)



Fixed Services

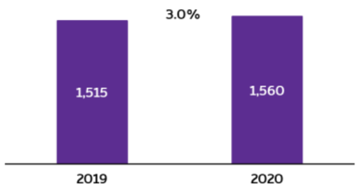
The Fixed Services revenue came in strong for 2020, increasing by 3% from the prior year to reach EUR 1,560 million. Besides the support from a strong commercial traction, the Fixed Services revenue also benefitted from a price change on 1 January 2020 and a favourable revenue effect from e-Press.

In a highly competitive Fixed market, the Consumer segment achieved through both its Proximus and Scarlet brands a solid growth in its Internet and TV customer base, while the Fixed Voice base continued to erode. Over the past 12 months, Proximus' Consumer Internet subscriptions grew by 44,000 to a total base of 1,965,000 and TV grew by 36,000 TV subscriptions to a total of 1,666,000 by end-2020.

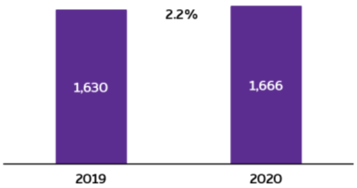
1,965,000
Fixed Internet customers
+ 44,000 in 2020

1,666,000
TV subscribers
+ 36,000 in 2020

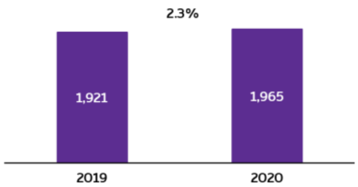
Fixed Services revenue (M€)



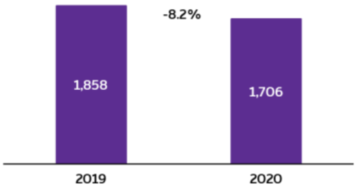
TV customers ('000)



Fixed Internet customers ('000)

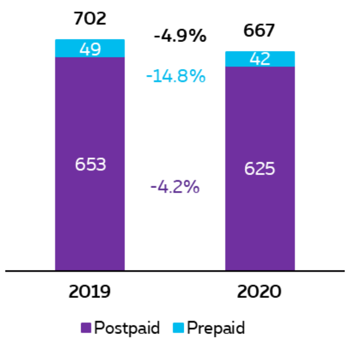


Fixed Voice customers ('000)

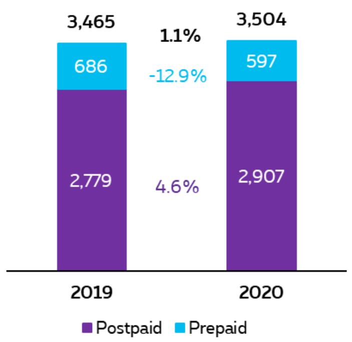


Mobile services

Mobile services revenue (M€)



Mobile cards ('000)



Mobile postpaid

The Consumer segment closed the year 2020 with Postpaid services revenue of EUR 625 million, 4.2% or EUR 27 million down from the prior year, despite its solidly growing Postpaid customer base.

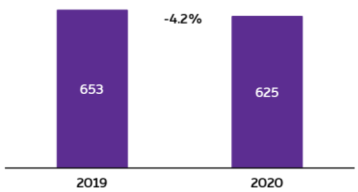
Operating in a dynamic market, the Consumer segment succeeded in growing its postpaid base by 127,000 cards, bringing its total base to 2,907,000 Postpaid cards by end-2020, up by 4.6% compared to one year ago. This resulted from a strong gross customer acquisition combined with better churn rates, limiting for 2020 the churn rate to 12.6%, a 3p.p. improvement from the previous year. The strong mobile customer gain was supported by Proximus' revamped mobile offer and by the launch of Proximus' multi-mobile offer Flex as of the 1st of July 2020.

The Mobile Postpaid revenue was however pressured by the Covid-19 related travel limitations, significantly reducing the roaming revenue. Moreover, the first half of 2020 was still impacted by the revenue loss related to the regulated price decrease for International calling/SMS. Following Proximus' Mobile portfolio revamp on 1 January 2020, enlarging the data bundles for its customers, the out-of-bundle revenue decreased, an effect that was temporarily accentuated by the free 10 GB mobile bundles during the lockdown in the March-May time frame. As a last point, the Mobile services revenue is negatively affected by accounting allocation rules for Mobile Joint Offer revenue and the allocation of e-Press, as of 1 December 2019 offered in Proximus' Internet packs.

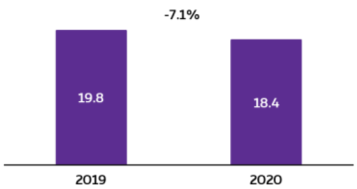
The above-mentioned headwinds caused the Postpaid ARPU for 2020 to decline by 7.1% to EUR 18.4.

2,907,000
Mobile postpaid cards
+ 4.6% YoY
+ 127,000 in 2020

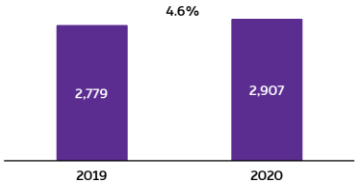
Postpaid revenue (M€)



Postpaid ARPU (€)



Postpaid cards ('000)



Mobile prepaid

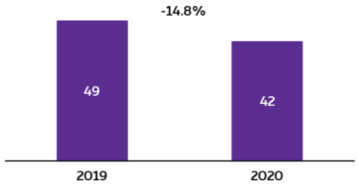
The revenue from mobile Prepaid continued to decline in 2020, down by 14.8% from the prior year to total EUR 42 million. This resulted from a further loss of Prepaid cards, with the 2020 Prepaid base reduced by 89,000 cards, i.e. similar to the loss in 2019 by 86,000 Prepaid cards.

By end-2020 Proximus' Prepaid base totaled 597,000 Prepaid cards. The continued erosion in an already declining market was partly driven by the strategy to migrate customers to similar Postpaid pricing plans, at higher value.

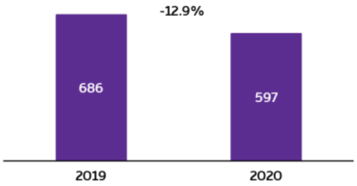
For 2020, the Prepaid ARPU was EUR 5.5, a 3.8% decline from 2019, driven by lower usage.

-89,000
Mobile prepaid cards

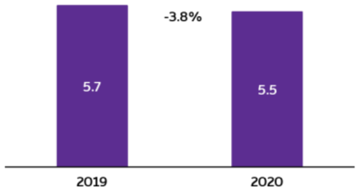
Prepaid revenue (M€)



Prepaid cards ('000)



Prepaid ARPU (€)

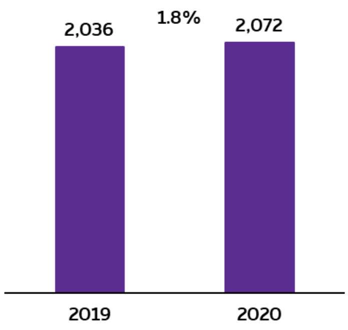


Consumer direct margin

The Consumer segment's direct margin over 2020 totaled EUR 2,072 million, i.e. up by 1.8% from the previous year. This resulted from an increase in direct margin from Fixed and Mobile Services, in spite of negative Covid-19-related effects. These were more than offset by a continued growing customer base for Mobile, Internet and TV, and was further supported by the positive contribution of ePress[3], and lower mobile SMS volumes leading to lower interconnect costs[4].

The direct margin as a percentage of revenue was 77.7% for 2020, 1.4 p.p. above that of 2019.

Direct margin (M€)



+1.8% YoY
Consumer
direct margin

[3] Launch of ePress on 1 December 2019

4 Interconnect/Inbound revenue is part of Wholesale. Interconnect costs are reported within the Consumer and Enterprise segments. On Group level, inbound margin is fairly neutral.

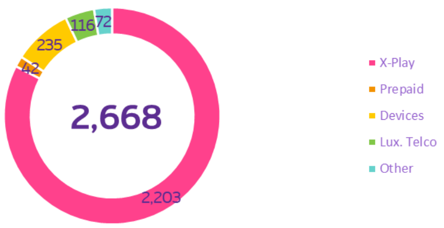
Revenue from convergent customers increasing 3.5%

Over the past years, Proximus has been following a convergence strategy, combining Fixed and Mobile services. It has strengthened this approach through new offers, adapted to its customers' needs. The success and value creation of this strategy is measured through its "X-Play" reporting, based on customer data rather than product information. Therefore, in contrast to the traditional reporting per product group, the X-play reporting focuses on operational and financial metrics in terms of customers serviced by Proximus and the number of "Plays" per customer (i.e. Mobile Postpaid - Fixed Voice - Fixed Internet - TV) and Revenue Generating Units (RGU) offered. The X-play reporting also includes the customers from Scarlet.

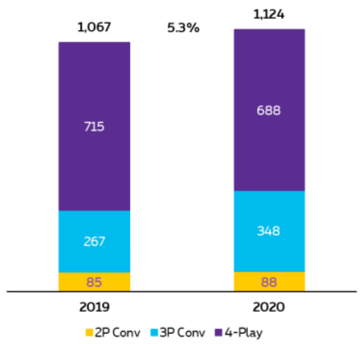
For 2020, the Consumer segment posted EUR 2,668 million in revenue, of which EUR 2,203 million was related to customer X-Play revenue. In spite of the Covid-19 revenue headwinds, the X-Play revenue was up by 0.6% from the prior year as a result of a continued increase in the convergent customer base, the revenue support from e-Press and the price changes at the start of the year.

In 2020, the number of convergent customers grew by 5.3% to a total of 1,124,000. The total revenue generated by these customers, combining fixed with mobile services, has increased by 3.5% to reach EUR 1,258 million for 2020.

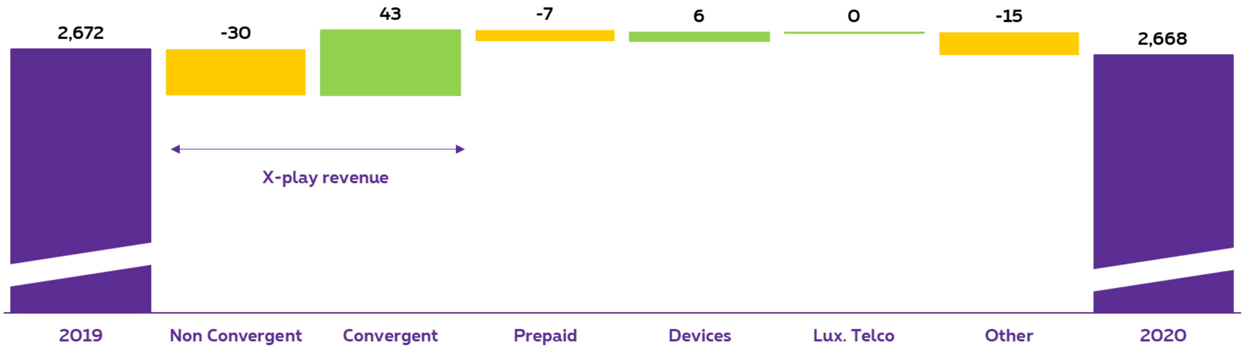
83% Consumer revenue generated by X-Play Customers



Convergent Customers ('000)



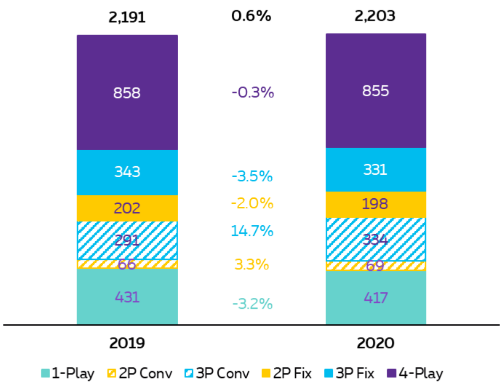
Consumer revenue build up (underlying, M€)



The 2020 revenue especially benefitted from a growing convergent 3-Play customer base, supported by the uptake of the convergent offers Tuttimus, Minimus and EPIC Combo. The trend was reinforced by the launch of the new convergent offer FLEX on 1 July 2020, even better tailored to customer needs and attracting many multi-mobile families. By end-2020, Proximus counted 1,124,000 convergent customers, a 5.3% increase from end-2019, thereby pushing its convergence rate to 60.0% on the total of multi-play customers, +2.5 p.p. on the prior year.

In contrast, the revenue from 1-Play customers was down by 3.2% compared to 2019, mainly as a consequence of the ongoing erosion in the single-Play Fixed Voice customer base. Moreover, revenue from single-play mobile customers decreased from the previous year, including a customer upselling effect towards convergent offers. Internet-only offers in particular saw traction at Scarlet, leading to an overall internet-only revenue increase of 9.1% for 2020.

Customer revenue per X-Play (M€)



Customers increasingly include multiple mobile subscriptions in their convergent offering, a move encouraged by the Flex offering, resulted in an increase in the average RGUs per Customer, progressing over 2020 to 2.64 RGUs. As a result of the continued upselling, the overall ARPC evolved positively by 1.1% form one year ago, to reach EUR 58.6 for 2020.

Operating in a competitive landscape, the overall 2020 annualized full churn rate from a customer perspective was 13.4%, an improvement of 1.8 p.p. from one year ago, including a temporary positive churn effect from the Covid-19-related lock down.   4-Play customers have the lowest churn levels, at 4.2% for 2020, followed by triple play convergent customers at 5.1%.

Average RGU
2.64

Average revenue per Customer
€58.6

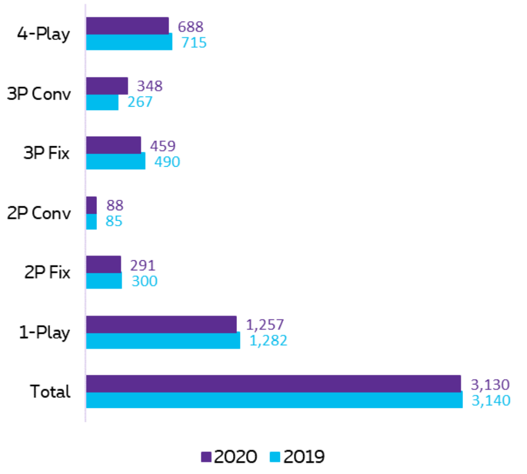
3-Play convergent ARPC
€ 93.2

4-Play convergent ARPC
€100.8

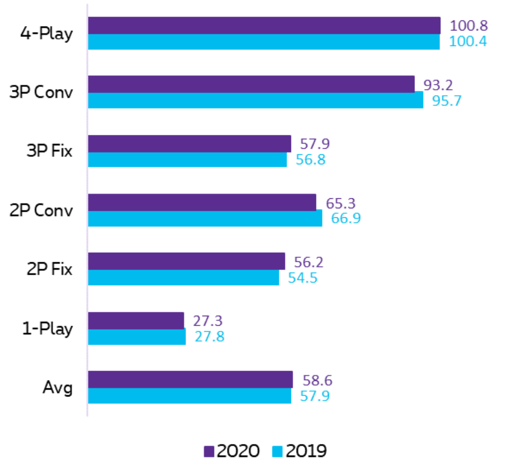
Convergence rate
60.0%

4-Play full churn
4.2%

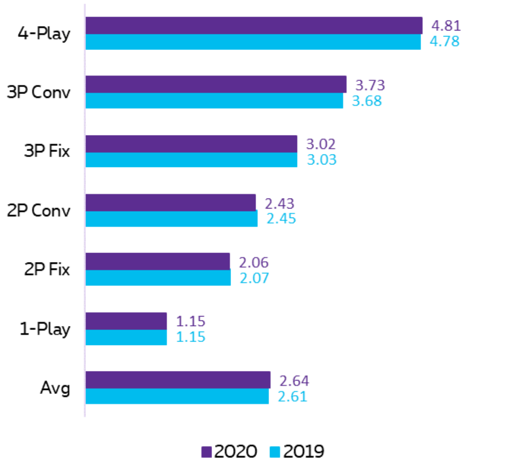
Consumer Customers per X-play ('000)



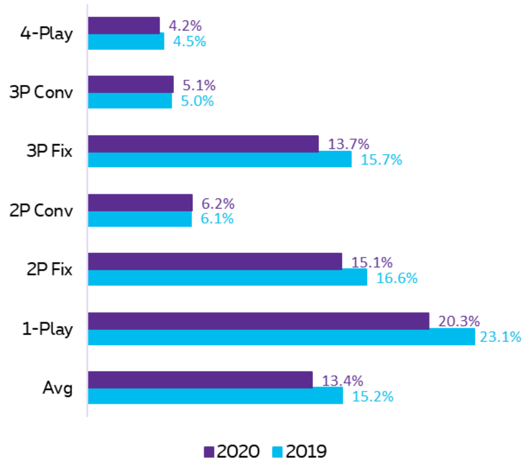
Average Revenue per Customer (€)



Average revenue generating units per Customer



Annualized full churn rate (%)



- Enterprise segment showed resilience in a difficult operating environment, with Covid-19 exposure mainly on roaming, while impact on ICT remained contained.
- In competitive setting, Proximus grew its mobile customer base by 3.1%, adding 33,000 Postpaid SIM cards, while mobile ARPU was down on lower roaming traffic and ongoing competitive pricing pressure.
- Slight growth in ICT revenue in spite of sanitary crisis, with ICT services such as Hybrid Cloud, Advanced Workplace and Smart Networking doing well.
- Enterprise 2020 revenue down by -3.4% and direct margin by -4.5% on Covid-19 impacts and ongoing erosion of legacy services.

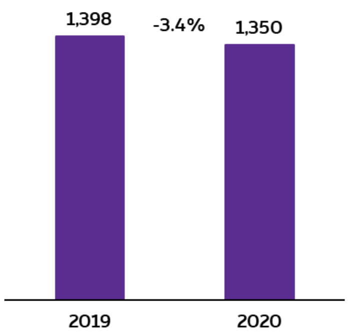
4. Enterprise

Revenue

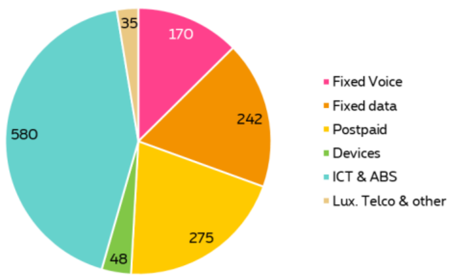
For 2020, Proximus' Enterprise segment posted EUR 1,350 million in revenue, down by 3.4% or EUR 48 million relative to 2019. A significant part of this decrease was the result of Covid-19 effects, with limited business travel especially having reduced the Roaming revenue. Moreover, delays and cancellations of ICT projects during the pandemic contained the ICT growth trajectory. The sanitary crisis however also triggered some upsides in terms of ICT services such as Hybrid Cloud, Advanced Workplace and Smart Networking, which did well in the course of 2020.

The Enterprise segment continued to face an eroding Fixed Voice customer base, leading to lower Fixed Voice revenue, and posted a slight decline in Fixed Data revenue. Whereas Proximus' growing Fiber park for Business customers supported its Explore solutions, this was more than offset by the ongoing legacy out phasing and more attractive customer pricing in a competitive market. In spite of the competitive space, Proximus' Enterprise segment managed to slightly grow its Internet customer base (+1.2%) compared to end-2019. Its mobile base grew even by 33,000 sim cards, a 3.1% increase, M2M cards excluded. Nonetheless an erosion in Mobile services revenue was posted as a result of the Covid-19 roaming effects, and competitive pricing pressure.

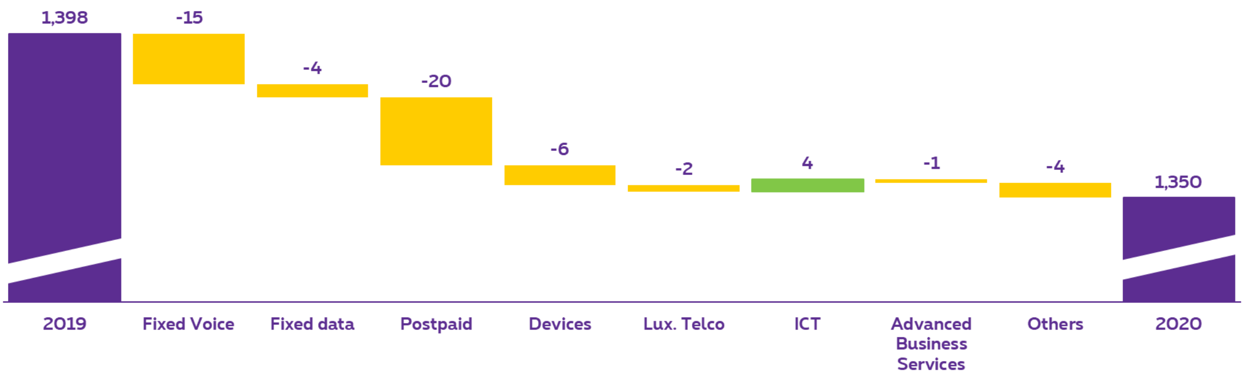
Revenue (M€)



Revenue per product (M€)



Revenue evolution per product group (underlying, M€)

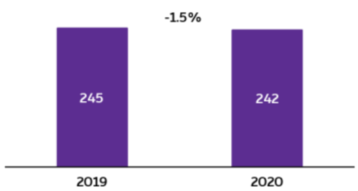


Fixed data

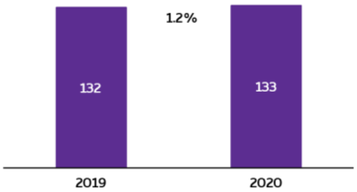
The 2020 revenue from Fixed Data services totaled EUR 242 million, 1.5% down from the prior year. Revenue from the Data Connectivity Services, the largest portion of this product category, was somewhat below that of the prior year, due to a slightly negative balance between eroding legacy and growing new data connectivity services. In 2020, the Enterprise segment benefitted from its growing P2P fiber park, yet this could not entirely offset the ongoing outphasing and migration of legacy products in the context of simplification programs, which offer customers new solutions at attractive pricing.

In an increasingly competitive setting for Business Internet, the Internet ARPU dropped somewhat down to EUR 43.2. This was however partly offset by a slight increase in the number of Internet subscriptions, with the Enterprise segment ending the year 2020 with a total Internet subscriber base of 133,000.

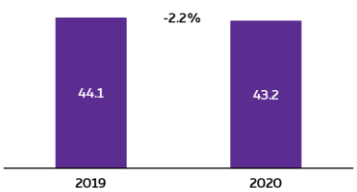
Fixed Data revenue (M€)



Fixed Internet subscriber base ('000)



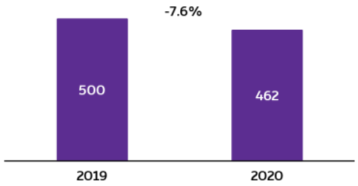
Fixed Internet ARPU (€)



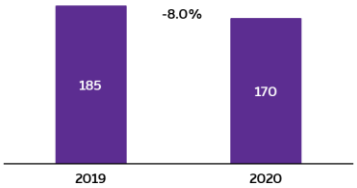
Fixed Voice

The Enterprise segment posted EUR 170 million in Fixed Voice revenue for 2020, a year-on-year decline of 8.0%. The 2020 revenue erosion was somewhat better compared to last year, with Covid-19 triggering higher customer usage. This was in particular the case for Fixed to Mobile traffic and call routing via VAS numbers. The pandemic also temporarily pushed down somewhat the Fixed Voice churn levels. Over the year 2020, the Enterprise Fixed Voice base was lowered by 38,000 Fixed Voice lines, resulting in a total base of 462,000, a 7.6% year-on-year decrease. This was driven by an ongoing rationalization by customers on Fixed-line connections, lower usage, technology migrations to VoIP and competitive pressure.

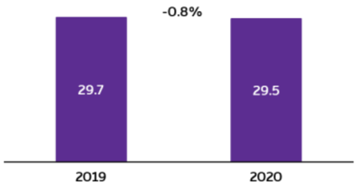
Fixed Voice park ('000)



Fixed Voice revenue (M€)



Fixed Voice ARPU (€)

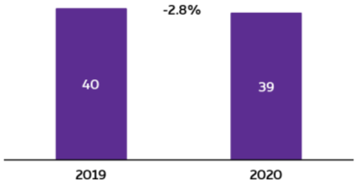


Advanced Business Services

Revenue from Advanced Business Services totaled EUR 39 million for 2020, showing a limited decrease compared to the previous year.

Advanced Business Services contains both Proximus' convergent solutions, and Smart mobility revenue from Be-Mobile, occupying a unique position in the field. Proximus' convergent business solutions continued to gain traction, growing the number of Call Connect customers (PABX in the cloud). Revenue from Smart mobility came under some pressure with for instance parking revenues being exposed to the Covid-19 reduction in circulation.

Advanced Business Services revenue (M€)

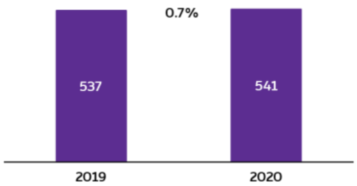


ICT

In spite of the unfavorable operating environment, with the pandemic causing some ICT projects to be delayed or cancelled, the Enterprise segment succeeded in growing its ICT revenue slightly to EUR 541 million for 2020.

Over the past years, Proximus has deployed a successful strategy of expanding its portfolio well beyond pure connectivity services and therefore offers meaningful solutions for the digital transformation of its professional customers. In 2020 the proportion of services related to Hybrid Cloud, Advanced Workplace and Smart Networking in the total ICT revenue improved, offsetting lower revenues from legacy infrastructure products.

ICT Revenue (M€)



Mobile services

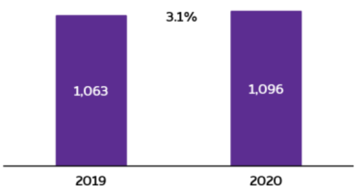
The Enterprise mobile service revenue for 2020 totaled EUR 275 million, a 6.7% decrease from the previous year. This included a significant negative Covid-19 effect with reduced travelling weighing on the Mobile Roaming revenue. This was translated in to the Mobile ARPU, which declined year-on-year by -9.6% to EUR 20.2 for 2020. Besides the roaming headwind, this also included ongoing competitive pricing pressure.

The revenue effect of the lower ARPU was partly offset by an ongoing growth of the Enterprise Mobile customer base. Over the past twelve months, the Enterprise segment grew its mobile customer base by 33,000 Postpaid SIM cards, reaching a total of 1,096,000 cards excl. M2M, a year-on-year growth by 3.1%. Besides a good customer acquisition level, this was also supported by a better churn rate. In spite of the competitive Mobile environment, Proximus' Mobile postpaid churn improved from the previous year by 1.2 p.p. to reach 9.9% for 2020.

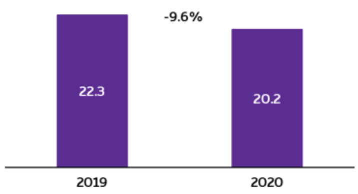
Mobile postpaid cards added (excluding M2M)

+33,000

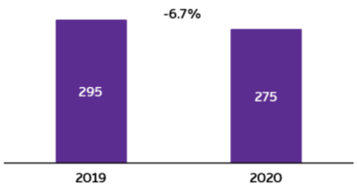
Mobile postpaid cards ('000)



Mobile postpaid ARPU (€)

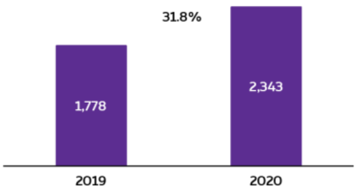


Mobile services revenue (M€)



Proximus' Enterprise segment posted another strong increase in M2M cards, with an additional 566,000 M2M cards activated in 2020. This was mainly related to the Smart metering project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total Proximus M2M base to 2,343,000 by end-2020, a 31.8% increase from one year ago.

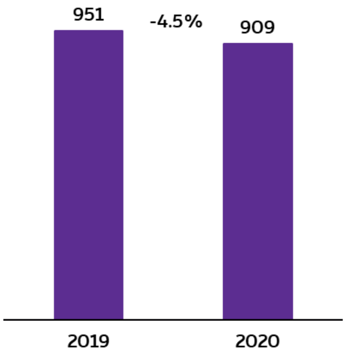
Machine-to-Machine cards ('000)



Enterprise direct margin

Mainly as a result of the ongoing erosion in legacy services among which especially Fixed Voice, in combination with a negative margin impact from Covid-19 the Direct margin was down by 4.5% from the previous year, to reach EUR 909 million for 2020. The 2020 direct margin as a percentage of revenue was 67.3%, down by 0.7 p.p. from a year ago, reflecting the ongoing change in revenue mix; shifting from higher direct margin legacy revenue to higher workforce-driven ICT revenue.

Direct margin (underlying, M€)



€909M

Enterprise direct margin

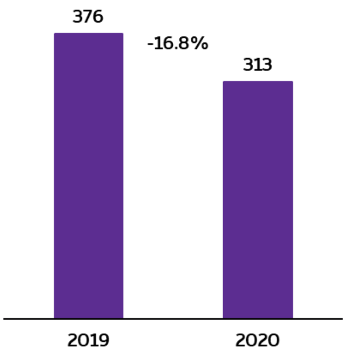
5. Wholesale

For its Wholesale operations, Proximus posted EUR 313 million revenue in 2020, a 16.8% decline compared to 2019.

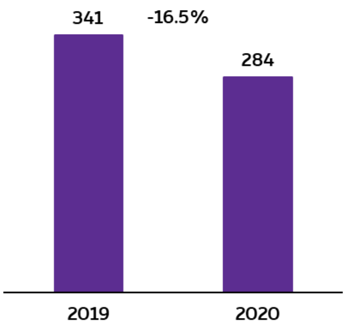
About half of the year-on-year revenue decrease resulted from lower mobile inbound revenue, resulting from an ongoing decrease in SMS usage, emphasized during the Covid-19 lockdowns. The remaining decline was largely due to lower revenue from visitor and instant roaming, which continued to be impacted by Covid-19-driven travel reluctance and bans.

The direct margin for the fourth quarter of 2020 totaled EUR 67 million, a -19.9% decline compared with the prior year, following the revenue trend. This was mostly related to lower inbound margin, which is neutral on Domestic level.

Revenue (M€)



Direct margin (M€)



6. BICS

Note- In view of Proximus acquiring full ownership of BICS, the reporting structure will be adjusted as of 2021, with a restated comparable base for 2020. The new reporting structure, to be adopted as of Q1 2021 might still differ from the structure used below, which is a mere alignment with the BICS announcement on 9 February 2021..

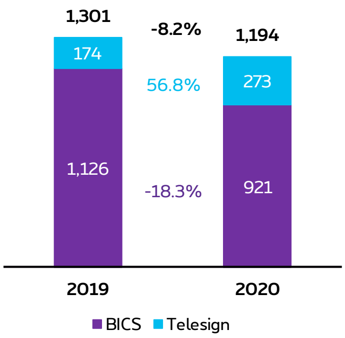
Revenue

BICS operates in the international communications market, which is highly competitive. For 2020, BICS posted an 8.2% decline in its revenue, totaling EUR 1,194 million.

Revenue from BICS standalone declined by 18.3% reaching EUR 921 million, driven by a decrease in revenue from low-margin legacy voice and mobility-dependent (roaming, signaling) services. Revenue from voice services continued its eroding trend in line with the market, reinforced by negative Covid-19 effects on international traffic and due to the ongoing insourcing by MTN of the transport and management of its traffic. Revenue from signaling and roaming showed a year-on-year decline as well, with these services being significantly exposed to the very limited travel across the globe.

Revenue from TeleSign continued its increasing trend, with revenue for 2020 up by 56.8% year-on-year, recording sustained revenue growth in both authentication and mobile identity services.

Revenue (M€)



Direct margin

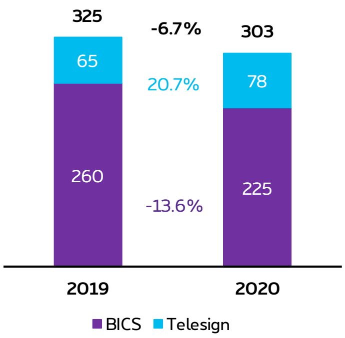
For 2020, BICS posted a direct margin of EUR 303 million, down 6.7% compared to the prior year. Covid-19 effects on BICS' direct margin counted for about EUR -18 million in 2020.

BICS' stand-alone direct margin declined by -13.6% year-on-year, carrying the largest part of the Covid-19 impact, showing in its mobility services (pandemic-related travel drop) and voice. In addition to these adverse Covid-19-related conditions, the underlying direct margin was further impacted by MTN's insourcing process, emphasizing the structural voice revenue decline. In contrast, growth was noted linked to the expansion of BICS' activities in the numbering[5] business.

TeleSign's direct margin increased by 20.7% year-on year, providing solid growth in the domains of mobile identity and authentication, despite some negative Covid-19 fallout.

The direct margin as a percentage of revenue declined by 1.5 p.p. from the prior year to reach 25.4% in 2020.

Direct margin (M€)

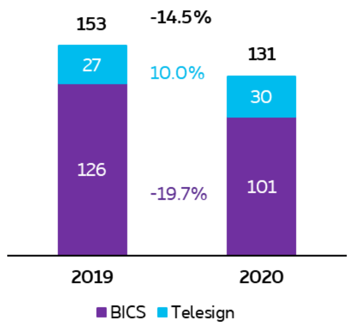


[5] Numbering refers to the sale of local dial-in numbers to cloud players (Skype, Zoom, Twillio...).

EBITDA

The EBITDA of BICS amounted to EUR 131 million, down -14.5% compared to the previous year, following the direct margin erosion. The EBITDA margin as a percentage of revenue further decreased to 11.0%, -3.0 p.p.

EBITDA (M€)



7. Definitions

Adjusted Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives and excluding lease liabilities.

Advanced Business Services: new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.

Annualized full churn rate of X-play: a cancellation of a customer is only taken into account when the household cancels all its plays.

Annualized Mobile churn rate: the total annualized number of SIM cards disconnected from the Proximus Mobile network (including the total number of port-outs due to Mobile number portability) during the given period, divided by the average number of customers for that same period.

ARPC: Average underlying revenue per customer (including Small Offices).

ARPU: Average Revenue per Unit.

Average Mobile data usage: calculated by dividing the total data usage of the quarter by the number of data users of the quarter.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.

Broadband ARPU: total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

BICS: international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%.

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).

Consumer: segment addressing the residential and small businesses (< 10 employees) market, including the Customer Operations Unit.

Convergence rate: convergent customers/small offices take both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent customers/small offices on the total of multi-play customers/small offices.

Cost of Sales: the costs of materials and charges related to revenues.

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Domestic: defined as the Proximus Group excluding BICS.

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.

Enterprise: segment addressing the professional market including small businesses with more than 10 employees.

Fixed Services Revenue: total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).

Fixed Voice access channels: PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

ICT: Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".

Incidental: adjustments for material (**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, and other items that are outside the scope of usual business operations.

These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments, etc.), deferred M&A purchase price, pre-identified one- shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

Instant roaming: reselling of wholesale roaming agreements to third parties in order to allow them to have roaming coverage without negotiating individual local agreements per country.

Mobile customers: refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.

Mobile ARPU: monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.

Multi-play customer (including Small Offices): two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives.

Non-workforce expenses: all operating expenses excluding workforce expenses and excluding depreciation and amortization and non-recurring expenses.

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.

Luxembourg Telco: including fixed & mobile services, terminals & other.

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Revenue-Generating Unit (RGU): for example, a customer with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play customer with 3 RGUs.

Reported Revenues: this corresponds to the TOTAL INCOME.

Terminals: this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.

Underlying: refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

X-Play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

Risk Management Report

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation. A structured risk management process allows management to take risks in a controlled manner. Financial risk management objectives and policies are reported in Note 32 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 34 of these statements. The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. However, this is not an exhaustive analysis of all potential risks that Proximus might be facing.

Enterprise-wide risks

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

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance.

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance. Proximus' ERM framework has been reviewed and updated in 2019 to align with the market best practices. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee.

The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- Business model and servicing evolution
- Customer experience
- Competitive market dynamics
- Employee employability, new ways of working and engagement

Furthermore, a continuous review of our enterprise risks also led us to add the following risk as a prioritized risk category:

- Impact of Covid-19 pandemic and resulting economic crisis

Business model and servicing evolution

Being largely present in a fast-changing industry, Proximus needs to consistently adapt to new technologies, deploy improved servicing approaches and launch new products. While we are confident that our strategy provides the right answers to these evolutions, it can't be excluded that part of our initiatives do not achieve the expected benefits or lead to lower revenues or profitability than anticipated. This could therefore have a negative impact on Proximus' financial performance.

The Group operates in a fast-evolving market and the profitability of the Group is dependent on its ability to adapt.

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

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

We also announced our plans to embark in a massive proactive migration of our enterprise customers to next-gen connectivity solutions.

Proximus is also mitigating this risk by developing and expanding new local ecosystems, such as our partnerships with press conglomerates to develop our ePress offering, or our partnership with Belfius to develop a leading digital bank. This allows us to develop relevant local solutions for and together with our customers, in order to provide relevant and competitive products and services to the Belgian market.

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

Customer Experience

The Group's customer experience may not be able to keep up with customer's fast-changing expectations for customer experience offered by competitors, causing customers to choose for competitors.

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

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

Despite these efforts, providing a superior customer experience remains a challenge due to the fast evolution of market and customer expectations influenced by GAFA and OTT players, challenging Proximus' ability to quickly ingest and develop new digital services through top-notch digital user interfaces and end-to-end customer journeys.

Side by side with the ever-present risk of a bold move from the competition, Proximus may miss new revenue streams and in a worst case lose its premium positioning.

Competitive market dynamics

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

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) that might impact market value going-forward. In December 2019, the validation of the sale of 51% of Voo (the cable company operating in most of Wallonia and part of Brussels) to private equity firm Providence Equity Partners was announced, yet following a court procedure by competitors Orange and Telenet, this transaction was cancelled and the sale process restarted. This transaction is now expected to be finalized in the course of 2021. It will likely change the outlook and strategy of Voo going forward as a competitor of Proximus. More recently, ICT integrator Cegeka announced the purchase of B2B private network solutions provider Citymesh, strengthening their position in the B2B space. Proximus also recently announced the acquisition of MVNO Mobile Vikings. The acquisition is subject to clearance from competition authorities while a number of new MVNOs have been entering the market, such as B2B operator Sewan and Dutch MVNO leader Youfone.

In the coming years, the market structure could further evolve with the possible entry of a new mobile operator, in addition to the three existing operators and supported by favorable conditions that could be set in the upcoming spectrum auction. Sector federation Agoria estimated, in a study published in 2018, that the possible arrival of a 4th mobile entrant could impact the total mobile market in Belgium with a reduction of 6,000-8,000 jobs and a reduced sector contribution to the state of EUR 200 million – EUR 350 million. The timing of that depends on the execution of the spectrum auction, which is now planned for late 2021 or early 2022. New entrants could potentially push prices down and put pressure on Proximus' pricing model.

The upcoming spectrum allocation procedures, or auctions, also create significant uncertainty in the market. Specifically, the regulator BIPT/IBPT has proceeded with a temporary allocation of 3.6 GHz spectrum, to be used for new 5G services. This procedure saw Cegeka obtain a license for 5G services (prior to its acquisition of CityMesh), further outlining its ambitions in the B2B space. These rights will be valid until the auction of this spectrum. In parallel, the BIPT/IBPT also proceeded with the auctioning of a remaining band of 4G spectrum in the 2.6 GHz band, which was acquired by CityMesh (prior to its acquisition by Cegeka). As part of the spectrum auction planned for late 2021 or early 2022, other parties with similar interests than Cegeka/CityMesh, with a focus on the B2B market, and especially "Mobile Private Network" type of solutions, could also try to obtain spectrum rights. In all cases, the acquisition of spectrum usage rights for telecom services by new operators could put pressure on Proximus' pricing of current and new products and services.

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

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

The price-sensitive segment, which has continued to rise in 2020 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via Proximus' subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

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

Since the drivers of these risks are mainly outside of Proximus control, mitigating measures are mainly targeted at limiting the impact.
While we are confident about our ability to compete against a possible increase of competition, the risk remains overall high for Proximus, with a potential impact on both Proximus' top line and bottom line.

Employee employability, new ways of working and engagement

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

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

This is why Proximus is putting so much attention on training programs, internal mobility, the hiring of young graduates from relevant fields and employer branding. We give our employees the opportunity to continuously upskill and develop, particularly in the digital field. Because we want to have the right skills in-house to shape the digital economy and society of the future, and to guarantee the employability of our employees. We set up a tailored approach with programs and campaigns for all employees to create awareness and understanding on the impact of digital transformation, and to raise digital savviness. We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. In 2020, employees participated 5,2 days of training on average, representing an investment of 34,56 million for Proximus.

This is also why we foster a culture of empowerment where autonomous and effective collaboration and sharing information is a natural behavior. Enabling this new way of working requires the right digital tools. We therefore offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. In 2020 we continued to roll-out the Microsoft O365 applications, such as MS Teams for more efficient and interactive digital meetings. To get employees on board in these continuous digital workplace changes, we provide training in hard skills and we ensure that our team leaders have strong change-management skills. Continued initiatives on building resilience also enabled employees to better cope with the changes and initiatives to stay connected to one another promoted team cohesion and showing recognition to team members. New ways of working, such as Agile and Design Thinking, leverage employee autonomy and a more accountable way of working. This allows us to create added value for our customers more quickly. We also support a more agile culture by encouraging internal mobility, as we want to ensure that all employees keep on learning and doing a job they like. *In 2020, 2146 employees changed jobs internally. Our restructuring plan, agreed end 2019 and implemented in 2020, has led to an exceptional high number of internal job changes*.

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

Impact of Covid-19 pandemic and resulting economic crisis

The Covid-19 pandemic has had significant impact on the world economy in 2020 – resulting in the largest year-on-year GDP decrease since WW2. While Proximus and telecommunications in general were classified as essential services, allowing our operations to continue with limited disruption throughout the crisis, we were still impacted by the temporary closure of shops, as well as through some limited supply chain disruptions. More importantly, the resulting economic crisis, which is only starting to unfold, will impact Proximus' customers financial stability and therefore indirectly Proximus. Furthermore, impact on some of our employees can also not be excluded, as the months-long confinement could lead to increased absenteeism.

Business continuity of telecom operations is critical to society in a case of a pandemic. Proximus also has a societal responsibility to ensure service continuity towards its enterprise and residential customers, both to support critical sectors of the economy to continue their activities and to allow alternative modes of working (such as work from home); but also to allow for and provide in-home entertainment during containment measures.

Proximus' services were therefore considered to be essential during the crisis, allowing us to largely continue our activities despite the restrictions.

We have had challenges through the closure of shops (which were partially offset by an increase in digital sales & servicing), through some supply chain disruptions (mainly delays) and still face a significant decrease in Roaming revenues due to a significant reduction in especially non-EU travel, which is only partially offset by a decrease in Roaming costs. Still, Proximus was able to this date to weather the crisis well, and the financial impact so far was more limited than initially feared.

Still, the likely economic crisis which remains ahead of us may impact a share of Proximus' customer base, especially in the SE and Enterprise segments. Increase in bankruptcies, decrease in revenues for several sectors, and continuing uncertainty regarding the "back-to-normal" timelines could impact the willingness of our customers to invest, and may therefore impact our revenues, though we, at this stage, do not expect any substantial impact on our 2021 revenues.

Finally, it is widely reported that the current situation, with the vast majority of the population, including our employees, in homeworking and largely confined at home, could lead to society-wide psychological impacts. It can't be excluded that this might have an impact on absenteeism in the longer-term, though Proximus has deployed a number of measures to provide support for isolated employees, and to ensure that teams remain connected throughout this longer time-off.

BICS

Longer Covid-19 impact, accelerated disruption of traditional communications together with fierce competitions in all segments without market consolidation may put pressure on gross margins.

The Covid-19 sanitary crisis, and its consequences on trade, tourism and travel in general, has significantly impacted BICS business in 2020.

The roaming related activities (spread over various products like Signaling, Data roaming enablement, Roaming Voice and IoT) have suffered decreases of volumes by 40 to 60 %. In some cases, BICS managed to limit the impact on revenues thanks to fixed pricing and maintained regional / cross-border traffic.

But, thanks to its diversification strategy initiated in 2016, BICS has also enjoyed some benefit of the crisis, by growing its authentication business (delivered by its TeleSign affiliate acquired in 2017) and its number business, in support of the surge of apps usage, Cloud communications and conferencing tools.

Despite this crisis and the fierce competition in all market segments, BICS managed to maintain its position among the top international voice carriers and as number 1 provider of Signaling and roaming data services, while TeleSign managed to grow its revenue by 23 % vs. 2019 and is considered a leader in the Digital Identity market, an area in which the company will further invest in the years to come.

The performance of BICS over the past years has been strongly impacted by the impact of the new MTN commercial contract, combined with the effect of Covid-19 in 2020.

Excluding for these the underlying trend for the business would have been much less negative, demonstrating the success of BICS diversification strategy. At the same time, it will require some time for BICS to fully recover from the Covid-19 impacts as international travel will take some time to return. Part of the business might have also disappeared permanently through the move towards digital communication means. On the longer term, BICS remains exposed to the introduction of disruptive technologies (Voice over LTE/5G, "Over the Top" Omnichannel engagement, etc …) and related charging models for communications and roaming services. To manage those risks, BICS will continue to invest in new growth domains, diversify its customer base, and digitalize its operation to reduce costs. At the same time within certain markets there is the opportunity to consolidate the market and realise substantial cost synergies.

Operational risk

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

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

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

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

Resilience and business continuity

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

Building and ensuring the resilience of our network, platforms and IT systems remains a top priority. For critical business functions, business continuity plans have been developed in order to:

- Identify and prevent risks where possible
- Prepare for risks that we can't control

- Respond and recover if an incident or crisis occurs

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

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

Security

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

The confidentiality, availability and integrity of the data of Proximus and its customers are also at risk. We are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans. In addition, Proximus invests in threat intelligence and security incident response.

Data protection and privacy

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

In 2020, Proximus continued improving its GDPR compliance. Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR e.g. register of processing activities.

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

As part of rendering the data subject requests process more efficient, Proximus is implementing the use of semi-automated solutions. Proximus' customers can continue to indicate their privacy preferences within the privacy settings of the MyProximus app and website.

Sourcing & Supply chain

Proximus depends on key suppliers and vendors to provide the equipment its needs to carry out its business activities.

Supply chain risk management (SCRM) is defined as 'the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity'.

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

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

Legacy Network Infrastructure

The systems need to talk to each other over a connected information highway that can deliver information at high speed and without distortion. There is no doubt that in the coming years there will be a continued demand for ever-greater quantities of data at ever-greater speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

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

Considering those elements, in 2004 Proximus was the first operator in Europe to start building a national Fiber-to-the-

Home network. And today, Proximus is among the world's top five operators for the proportion of fiber in its VDSL network, with over 21,000 kilometres of optical fiber connecting its street cabinets.

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

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

Environmental risk & climate change

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

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

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

• Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.

• The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program is in progress of phasing out most of the copper feeder cable in a timeframe of 15 years. An extensive fiber program is phasing out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fiber network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.

• In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.

• Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, … which heavily use aerial last mile networks, both in copper or in fiber. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.

• Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light color and placed outside direct sunlight. A lot of engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studies and optimized

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Risk Management & Compliance Committee

In 2020, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Executive Committee and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions have to be taken by finding a balance between risk taking and cost, in line with the Group's risk appetite.

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

The RMC's objectives are:

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

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

Internal Audit

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

- Effectiveness and adequacy of internal controls
- Operational effectiveness (doing it right) and/or efficiency (doing it well)
- Compliance with laws, regulations and policies
- The reliability and the accuracy of the information provided

Internal Audit helps Proximus to accomplish these objectives through its systematic, disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.

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

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

Financial reporting risks

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

New transactions and evolving accounting standards

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

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

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

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

Changes in tax law and regulations

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

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

Financial statement closing process

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

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

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

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

Internal control system

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

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

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

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

Control environment

Organization of internal control

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

The A&CC meets at least once every quarter.

Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Conduct "A Socially Responsible Company".

All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles, using the Group values (Collaboration, Agility and Accountability) as guiding principle.

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

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

Policies and procedures

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

In the financial reporting domain, general and more detailed accounting principles, guidelines and instructions are summarized in 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.

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Skills & expertise

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

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

Risk analysis

Major risks and uncertainties are reported in the caption 'Risk Management'.

Risk mitigating factors and control measures

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

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

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

Reporting and validation of the financial results

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

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

Supervision and assessment of internal control

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

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

Expertise of the Audit & Compliance Committee members

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

A majority of the members of the Audit & Compliance Committee has extensive expertise in accounting and audit.

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

Evolution in research and development activities

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

Fiber as solution for customers' future needs

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

Mobile Leadership

We have a strong track record in pioneering mobile communications, delivering the best possible mobile experience for our customers and we will continue to do so. In 2020, we continued our investments to improve the quality of our 4G network by adopting advanced technical solutions to optimize network performance based on automation and autonomy. In 2020 we have taken big steps in the deployment of 5G in Belgium and launched the first public 5G network.

Our further 5G ambition is to be recognized as the go-to partner for 5G products and services by offering the broadest 5G coverage and highest performing network in Belgium. In order to further accelerate the development of 5G use cases, we launched a dedicated 5G innovation platform. It allows us to work closely with our technological and wholesale partners and enterprise customers, both public and private, to develop relevant innovative solutions that answer today's societal and business needs. Proximus has already built some private 5G networks at the sites of its partners such as Port of Antwerp and Brussels Airport in order to drive innovation and digital transformation. During a pilot phase, various concrete applications will be tested that offer a better insight into the possibilities of 5G in an industrial context.

We do not forget the existing network and the needs of our customers

To continue offering the best customer experience, different transformation projects on the existing fixed network were done in 2020 to increase significantly the network capacity by using the newest high-tech technologies. Also, in home, Proximus is present to support with the newest applications available on MyProximus and novel Wi-Fi technologies such as Smart Wi-Fi and E Wi-Fi. Smart Wi-Fi manages all your connections and adapts to provide you with the best Wi-Fi coverage. E Wi-Fi improves the Wi-Fi experience of our customers by activating (Wi-Fi) software on the modem.

Focus on the customer by acting as a data driven company

The use of automation, advanced analytics and artificial intelligence enables us to offer highly qualified services. With strong personalization and authentication approach, we make our customer smile. We embed digital in everything we do and guide our customers through their journey to become digital, cloud enabled, data driven and end-to-end secure. A digital Proximus Assistant was launched this year to help our customers. The Proximus data centres are evolving to green data centres with high availability using the newest cloud technologies and the most advanced security concepts. Proximus also participates in the taskforce 'Data & Technology against Corona' by providing anonymised & aggregated telecom data to help track people's movements and the spread of Covid-19. Finally, Proximus is engaged in initiatives where Real Time Crowd Management is needed in order to minimize risks of certain activities such as measuring the crowds at the coast (Westtoer), in shopping areas (Entrance Monitoring, for better managing and controlling the customer flow at the entrance of their shop and in-store).

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

Trusted curator of TV content

We are a trusted curator of TV content, presenting it through a multiscreen content navigator and delivering novel personalized recommendations. We excel in user experience on our Pickx TV platform by differentiating and keeping a close relationship with our customers. The v6 Proximus decoder has been enriched with several new features.

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

Things can think too

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus doesn't limit its use of IoT to connectivity. We also support our customers with full end-to-end functionalities & turn-key solutions in various domains with a special focus on Smart Buildings, Retail and Manufacturing. During the Covid-19 pandemic, new digital needs emerged due to the. sudden, restrictions and adoption of new ways of working. We had to swiftly develop or adapt our solutions to support our professional customers with these changes. That's why these three aspects, Smart Buildings, Retail and Manufacturing, were so crucial in 2020.

Open innovation

We exchange knowledge on a market leader in IoT (Internet of Things). With ThinkThings in 2020, we inspired the customers with new ideas and innovative solutions and demonstrated the enormous potential of IoT and data analytics for the business. Healthcare, Azure Cloud, Edge Computing, Smart Retail and Smart Energy are just some examples of the wide range of topics and technical innovations where we collaborate with partners.

Proximus collaborates intensively with universities and university colleges.

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

A good example is the innovative partnership for creating drone-use on demand for business applications.

Proximus, SkeyDrone and DroneMatrix have recently joined forces to develop an integrated platform, allowing drones to perform on-demand missions for business purposes. This platform is called the '6th NeTWorK'.

After a first phase of commercial and technical testing, if successful, the three partners will bring this service to the market in a B2B environment before the end of 2021.

Via exclusive partnerships, we continuously extend and trigger our own research and development done in the different Proximus labs and mastered by our innovation teams.

We act in a sustainable way

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

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

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

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

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

Diversity & Inclusion statement

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

Strategic orientation about diversity & inclusion

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

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

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

For Proximus, diversity and equality mean:

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

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

Diversity & inclusion in our leadership and employees communities

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

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

Within the framework of its CBA 2019-2020, Proximus has also reviewed its policy of gender neutrality, whereby Proximus commits to continue to support the 'Embrace Difference' initiative and to remain open and non-restrictive in its communication, marketing and recruitment campaigns. Proximus has set itself the objective of being the most active company in the promotion of women in the digital world and of recruiting 25% of women with a university degree in technical areas by the end of 2021.

This is why Proximus supports internal and external diversity network activities and initiatives, such as the AfroPean network (APN). We have a Diamond Sponsorship in the 'Women on Board' organization and we've started a partnership with Google, launching the #IamRemarkable initiative within our organization during the worldwide week-long edition of November 2020. At the heart of the #IamRemarkable initiative is a 90-minute workshop that strives to empower participants to talk openly about their achievements in their personal and professional lives, provides them with tools to develop this set of skills, and invites them to challenge the biases surrounding self-promotion.

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

- 38% of the Board of Directors
- 25% of the Executive Committee
- 24% of the members of the Leadership Team
- 31% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 52 nationalities.

Our different cultural values foster inclusion and promote collaboration.

To further support our internal and external diversity & inclusion goals, we formed a D&I Work Group, composed of volunteers of all backgrounds and with different profiles, who are the ambassadors of our program and provide information, resources, and support to promote an inclusive environment with a diverse workforce.

We wanted a safe place to share our experiences and struggles and use those stories to bring further positive change in the way we operate as a company, reviewing both internal processes and the way we affect our communities.

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

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

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

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

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

Proximus will also update the brochure of the offer on sustainable employability and will communicate this offer to all workers aged 55+.

In 2021, we will also launch a pilot project for this age group, who are employed at CBU as shop and call center salespeople, to revamp their working regime and reduce their work schedules.

Diversity as part of the Proximus code of conduct

Proximus' sense of purpose consists in opening up a world of digital opportunities, so people live better and work smarter. This also means that we have to earn and keep the trust of our customers, our employees, our suppliers, our shareholders, our partners and the company as a whole.

Successful business must go hand-in-hand with honest and ethical behavior. Each employee has a crucial role to play in this matter. This is why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules that are the foundations of our engagement to be a socially responsible company. The Code of Conduct applies to everyone: Board of Directors, managers and all employees. Although the Code of Conduct cannot directly be imposed on our business partners, we seek to always work with partners that respect the same ethical standards.

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

Human rights

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

These standards are also defined in the Diversity and Equal Opportunities policy that has been reviewed in 2020. With this policy, we want to enable conditions in which differences are recognized and respected, and where all employees are given equal opportunities. This policy is applicable to all active employees of the Proximus Group.

Working conditions

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

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

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

Other information

Rights, commitments and contingencies as of 31 December 2020

Disclosures related to rights, commitments and contingencies are reported in note 34 of the consolidated financial statements.

Use of financial instruments

Disclosures related to the use of financial instruments are reported in note 32 of the consolidated financial statements.

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections "Risk Management" and "Internal Control" of this management report.

Treasury shares

Disclosures related to treasury shares are reported in note 18 of the consolidated financial statements.

Capital management

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Post-balance sheet events

Disclosures related to post-balance sheet events are reported in note 39 of the consolidated financial statements.

On behalf of the Board of Directors,

Brussels, 25 February 2021

Guillaume Boutin

Chief Executive Officer

Stefaan De Clerck

Chairman of the Board of Directors

Auditor's reports

Statutory report of the joint auditors to the shareholders' meeting of Proximus NV van publiek recht/Proximus SA de droit public for the year ended 31 December 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We, members of the joint auditors, were appointed in our capacity as statutory auditor by the shareholders' meeting of 17 April 2019, in accordance with the proposal of the board of directors issued upon recommendation of the audit and compliance committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public for 11 consecutive years.
CDP Petit & Co has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public for 2 consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 8 779 million EUR and the consolidated income statement shows a profit for the year then ended of 582 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the joint auditors for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other statements

This report is consistent with our additional report to the audit and compliance committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Brussels.

The joint auditors

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Geert Verstraeten

CDP Petit & Co BV / SRL
Represented by Damien Petit

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
Coöperatieve vennootschap met beperkte aansprakelijkheid/
Société coopérative à responsabilité limitée
Registered Office: Gateway building,
Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles -
IBAN BE86 5523 2431 0050 - BIC GKCCBEBB

Member of Deloitte Touche Tohmatsu Limited

SRL CDP PETIT & Co
Square de l'Arbalète 6
1170 Brussel/Bruxelles
België
Tel. + 32 2 660 70 46
VAT BE 0670.625.336
www.cdp-partners.be

Independent auditor's report on the limited review performed on a selection of non-financial performance indicators published in the document "Integrated Annual Report 2020" of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2020

To the board of directors

We have been engaged to perform limited review procedures aimed at expressing a limited assurance conclusion on a selection of non-financial performance indicators (the "Non-Financial Data") published in the document "Integrated Annual Report 2020" of Proximus SA de droit public / NV van publiek recht ("Proximus") for the year ended 31 December 2020. The Non-Financial Data have been defined following the *Global Reporting Initiative* (GRI) standards and Proximus' internal non-financial reporting guidelines. The Non-Financial Data have been selected by Proximus management and are as follows:

- Energy efficiency indices (energy consumption vs total revenue and vs FTE) – Group
- Electricity (Terajoules) – Group
- Heating (Terajoules) – Group
- Vehicle fleet fuel (Terajoules) – Group
- CO2 emissions scope 1 and 2 (KTons) – Group
- CO2 emissions scope 1 – heating, refrigerants and fleet fuel (KTons) – Group
- CO2 emissions scope 2 – electricity – market based method (KTons) – Group
- CO2 emissions scope 3 – all reported categories – i.e. category 1, 2, 3, 4, 5, 6, 7 and 11 (KTons) – Belgium
- Waste (KTons) – Belgium
- % of hazardous waste – Belgium
- % waste reused/recycled – Belgium
- Non-hazardous waste – recycled or reused (KTons) – Belgium
- Non-hazardous waste – with energy recovery (KTons) – Belgium
- Hazardous waste – recycled or recovered (KTons) – Belgium
- Number of cases investigated by the investigations department for violation of policies/code of conduct
- Number of whistleblowing cases
- Number of job seekers supported by Proximus initiatives in Belgium
- Percentage of accessible tested devices (at least for 5 disability categories)

The scope of our work has been limited to the Non-Financial Data covering the year 2020 and including only the values retained within the scope of reporting defined by Proximus. The reporting scope covers Proximus SA de droit public / NV van publiek recht and its subsidiaries Telindus-ISIT BV, Proximus Luxembourg SA and BICS SA (the "Group"). Our conclusion as formulated below covers therefore only these Non-Financial Data and not all information included in the Integrated Annual Report 2020.

Responsibility of the board of directors

The board of directors of Proximus is responsible for the Non-Financial Data and the references made to it presented in the Integrated Annual Report 2020 as well as for the declaration that its reporting meets the requirements of the GRI standards and of Proximus' internal non-financial reporting guidelines.

This responsibility includes the selection and application of appropriate methods for the preparation of the Non-Financial Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Non-Financial Data.

Nature and scope of our engagement

Our responsibility is to express an independent conclusion on the Non-Financial Data based on our limited review.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

Our procedures are aimed at obtaining limited assurance on the fact that the Non-Financial Data do not contain material misstatements. These procedures are less profound than the procedures of a reasonable assurance engagement.

The scope of our work included, amongst others, the following procedures:

- Assessing and testing the design and functioning of the systems and procedures used for data-gathering, processing, classification, consolidation as well as validation of the methods used for calculating and estimating the Non-Financial Data published in the Integrated Annual Report 2020;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence to validate the reliability of the Non-Financial Data and performing consistency checks on the consolidation of the Non-Financial Data.

Conclusion

Based on our limited review, as described in this report, nothing has come to our attention that causes us to believe that the Non-Financial Data, as defined above, related to Proximus published in the Integrated Annual Report 2020, have not been prepared, in all material respects, in accordance with the GRI standards and Proximus' internal non-financial reporting guidelines.

Signed at Zaventem.

The independent auditor

Deloitte Bedrijfsrevisoren CVBA/Réviseurs d'Entreprises SCRL
Represented by Koen Neijens

Deloitte.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
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