

Management Report Proximus PLC under Belgian Public Law

2023

proximus

Report by the Board of Directors to the annual general meeting of shareholders on 17 April 2024 on the annual accounts of Proximus PLC under public law as at 31 December 2023

Dear Shareholders,

We are pleased to report on the operations of the 2023 financial year and to submit for your approval, the annual accounts per 31 December 2023.

The development and the results of Proximus in 2023

Comments on the annual accounts

Balance sheet

The Intangible assets decreased by € 425 million to €1,876 million. This is due to the amortisation of goodwill, which arose as a result of the different mergers by absorption. Also the normal depreciations were higher than new investments in IT assets and broadcasting rights.

Tangible fixed assets increased by € 345 million (NBV) to € 3,609 million (NBV), mainly driven by the strong ramp-up of fiber deployment, the mobile network upgrade and consolidation, and the increase of investments in IT Transformation, supporting the Proximus growth and efficiency ambitions.

The participating interests in affiliated enterprises and other enterprises increased by € 626 million to € 2.639 million. On the one hand, shares of Belgacom International Carrier Services SA (BICS) were transferred from Proximus OPAL to Proximus SA for € 551 million (to obtain 100% ownership). In addition, some capital increases took place without impact on the shareholder structures.

Inventories and contracts in progress decreased by € 24 million to €142 million. Receivables within one year increased by € 247 million to € 656 million. Mainly due to dividends granted by subsidiaries, but still to be received, in 2024 for € 230 million.

Investments increased by € 451 million to € 593 million, mainly as a result of deposits on term accounts and the purchase of commercial paper.

The cash decreased by € 39 million to € 151 million.

The equity decreased by € 262 million to € 1,304 million mainly due to the Net Income being lower than the distributed profit.

The provisions for liabilities decreased by € 17 million to € 488 million mainly due the discount rate updates and the outgoing payments which impacted the Other Post Employment Benefits. On the other hand, provisions were made for restoring sites to their original condition.

The amounts payable after one year increased by € 558 million to € 3,907 million as a result of the issuance of 2 new bonds for 7 & 10 years for a total amount of € 1,250 million. In addition, there was the transfer to the amounts payable within 1 year of a € 600 million loan maturing in 2024, and lower trade payables.

The amounts payable within one year increased by € 797 million to € 3,840 million. The current portion of amounts payable after one year increased with € 920 million due to the transfer from the payables over more than one year for a € 600 million loan maturing in 2024, a renewed intercompany loan for € 400 million (financial debts in 2022), and loan of €100 million matured in 2023. The financial debts decreased by € 733 million as no use was made of the commercial paper program compared to 2022, and a renewed intercompany loan considered as current portion of amounts payable after one year in 2023. The advances on contracts increased by € 30 million. The other amounts payable increased by € 541 million as the transfer of shares of BICS for € 551 million will be paid in 2024. The deferred income increased with € 146 million as a result of the IRS settlements on the bond issuances of 2023..

Per 31 December 2023, the current liabilities exceeded the current assets. However, Proximus benefits from different sources of financing, such as the use of readily available excess cash within the Group, the issuance of short-term notes under its commercial paper program, the use of existing credit facilities and/or the use of its existing Euro Medium Term Notes program.

Income Statement

Compared to 2022, the operating income in 2023 increased from €4,353 million to €4,481 million, mainly due to an increase in turnover of € 181 million and fixed assets own construction, and a decrease in other operating income and non-recurring operating income.

The operating charges increased by € 393 million to € 4,384 million. The purchases of raw materials and consumable increased by € 83 million, The increase of € 127 million for services and other goods is partly the result of higher inflation and increasing prices for services and utilities. The remunerations increased by € 39 million mainly due to the impact of several indexations on the direct personnel cost. Due to the higher investments, the depreciations increased by € 68 million

As a result, the operating profit for 2023 amounted to a profit of € 97 million compared to a profit of € 307 million in 2022.

The financial income decreased by € 90 million up to € 278 million mainly as the result of a lower dividend received in 2023.

The financial charges decreased by € 22 million to € 185 million. On the one hand, as a result of the revaluation of treasury shares, which led to a loss of € 3 million in 2023 compared to a loss of € 124 million in 2022, but on the other hand, partially offset by an increase in interest expenses of € 82 million.

The 2023 earnings before income taxes amounted to € 191 million (vs. € 468 million in 2022).

Corporate income taxes decreased by € 59 million down to € 57 million as a result of a lower tax-based result.

As a consequence, the profit of the year before appropriation amounted to € 135 million in 2023 compared to € 353 million for 2022.

Appropriation of results

We propose the following appropriation (in €):

2023			
Profit of the financial year to be appropriated	+	134.862.203	EUR
Accumulated profit	+	317.460.884	EUR
Profit to be appropriated	=	452.323.087	EUR
Transfers from capital and reserves	+	11.270.811	EUR
Transfers to capital and reserves	-	1.793.369	EUR
Profit to be distributed (dividends)	-	387.158.830	EUR
Other beneficiaries (personnel)	-	9.531.693	EUR
Profit to be carried forward	=	65.110.006	EUR

On December 8th, 2023 an interim dividend of € 161 million has been paid.

Right and commitments not included in the balance sheet

Proximus has the right to issue Commercial Paper for a total of € 1,000 million, of which € 0 million was issued end 2023, and the right to issue Euro Medium Term Notes for a total of € 5,000 million, of which € 3,500 million was issued end 2023.

On 26 October 2020, Proximus signed a new Sustainable Revolving Credit Facility of € 700 million for a period of three years with the option to extend twice by further one-year periods. This Facility was extended in 2023. On July 17, 2023, Proximus signed a new 850 million Bridge Facility for a period of up to 1.5 years. Per 31 December 2023, there was no outstanding balance under these Facilities.

Risk Management Report

Each activity within the Proximus Group's activities is exposed to a variety of risks that have the potential to impact the financial performance of the Group. Proximus has implemented a risk management methodology that follows ISO 31000 – Risk Management Guidelines. Proximus' Risk Management System aims to identify and assess risks and opportunities in various domains and, wherever possible, to manage or mitigate them to an acceptable level of residual risk to safeguard the Group's assets and protect its financial strength and reputation.

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, operational, sustainability and reporting risks are detailed below. Please note that this is not an exhaustive analysis of all potential risks that Proximus may face.

Sustainability matters are also assessed on the impact they could have on people, society, and the environment (more information in: 'Double materiality assessment').

Enterprise-wide risks

Proximus Group's Enterprise Risk Management (ERM) is a structured framework designed to identify, assess, respond to, and report on strategic and business risks. These risks refer to potential adverse events or circumstances that could significantly impact the achievement of Proximus' strategic objectives.

ERM is seamlessly integrated into Proximus' annual strategic planning cycle. A bottom-up identification and prioritization process is conducted every two years. This process involves thorough desk research, in-depth interviews, and surveys among management and subject matter experts. All relevant risks and opportunities are prioritized based on their potential impact and likelihood, considering both quantitative and qualitative factors.

Each member of the Leadership Squad takes ownership of a sub-set of the prioritized risks and identifies the key internal stakeholders accountable for the follow-up measures.

The risk prioritization and risk treatments are reviewed at least once per year or when context changes. The ERM report, which provides an overview of major risks and their respective treatment plans, is thoroughly reviewed, and validated by the Leadership Squad, consisting of the CEO, and the Audit and Compliance Committee. The key findings and outcomes are then communicated to the Board of Directors.

Among the risks identified by the latest ERM exercise, the following risk categories were prioritized):

- Monetization of fiber investments
- Human capital: Talent attraction, retention and development
- Operating model evolution and cost control
- Belgian telecom market competitive dynamics – residential market
- Belgian ICT market competitive dynamics – enterprise market
- Regulatory and legal risks

Monetization of fiber investments

Fiber optic is widely recognized as the superior and most future-proof fixed connectivity technology. On top of offering the highest speeds in download and upload and low latency, fiber is also highly reliable and secure.

During the past years, Proximus has significantly increased investments to accelerate the deployment of a performant fiber network fully open and non-discriminatory with the ability to co-use fiber assets with competition and maximize the network utilization. Proximus' Gigabit Fiber network standalone deployment focuses on areas with highest population density. Proximus has created the joint ventures Fiberklaar (in Flanders) and Unifiber (in Wallonia), with the experienced industrial and financial partners EQT Infrastructure and Eurofiber, respectively, to expand the fiber rollout to medium-dense areas. In the German-speaking Community, a region with typically very low population density, Proximus, Ethias and the government of the German-speaking Community have set-up GoFiber, a public-private partnership and joint venture that will bring fiber in the German-speaking municipalities by end 2026. Challenges in obtaining the needed permits from municipalities or quality and compliance issues in operations could impede the speed of the deployment. Proximus management has strengthened governance and puts a strong focus on quality standards and compliance across both standalone and joint ventures footprints. Among others, Proximus issued a societal responsibility charter for fiber roll-out in March 2023.

Proximus ambitions to provide gigabit network coverage to 100% of premises in Belgium, maximizing fiber coverage even in remote areas, to:

- Support current and future customer needs (remote work, connected homes, next generation videos, gaming...) and enable ARPU uplift;
- Retain and grow market share across residential and enterprise customers;
- Attract new wholesale market opportunities;
- Simplify the operating model and reduce operating costs, by stopping to sell copper and ultimately phasing out copper at the latest 5 years after the deployment of fiber in a given area.

Should part of these benefits not materialize, the turnover and profitability of Proximus could be significantly affected.

Beyond city centers, construction costs increase, making the deployment of fiber networks economically more difficult. Although Proximus remains the only player having started the roll-out of FTTH (Fiber-To-The-Home) at large scale in Belgium, roll-out of competing FTTH networks could negatively impact the profitability of Proximus' investment by putting pressure on both wholesale and retail prices. Telenet and Fluvius set up Wyre, a joint infrastructure company with plans of covering up to 78% of all homes in Flanders and parts of Brussels with fiber (FTTH) by 2038. The roll-out of Wyre started in the summer of 2023. Orange has also announced an ambition of up to 66% coverage in Wallonia and Brussels, adding to the overbuild risk. BIPT's announcement in October 2023, stating it is ready to evaluate fiber cooperation between the different operators in Belgium, opens the door for an effective and rational collaboration and co-investment framework potentially to the benefit of all stakeholders reducing financial risks associated with the investment of further rolling-out FTTH.

Scaling the number of fiber activations & roll-out can be challenging in a tight labour market (see also 'Human capital: Talent attraction, retention and development' below). The rollout of other infrastructure works may have a negative impact on the available capacity for Proximus. Not retaining the right talent for our deployment capacity could lead to delays in roll-out and activations, which could have an impact of the timing of the benefits and the cost of roll-out.

Proximus and its partners are taking several measures to mitigate this risk: transfer resources from copper to fiber, increase capacity via outsourcing partners and by upskilling our existing employees, structurally reducing the workload via self-install and flattening out seasonality via pro-active migrations.

Most Belgian consumers already have access to higher speed internet through VDSL or cable. Satisfaction levels are high on average and there is some confusion on which technology cable operators offer. Proximus mitigates the risk of a lack of demand by promoting fiber and its benefits. Advertising campaigns have created a strong brand association of fiber with Proximus. To reinforce the technological superiority, the multi-gig fiber technology has been made available in July 2023 in all areas where there is fiber coverage.

Inflation impacts the cost of the roll-out (see also 'Operating model evolution and cost control' below). Rising costs need to be balanced with strong commercial results, price increases and additional efficiencies. Competitive dynamics, ahead of or after the arrival of Digi on the Belgian market, might lead to pressure on market prices, and/or make price tiering and upselling more difficult. Proximus focuses on product superiority, customer experience and a multi-brand strategy to mitigate that risk (see also 'Belgian telecom market competitive dynamics – residential market' below).

There is also a customer retention risk related to the potential customer experience issues during the migration of Proximus and the Other Licensed Operator's (OLO) customers to fiber e.g., too long installation delays in some periods of high demand vs available personnel. Proximus management is monitoring the fiber migration customer effort and fiber customer experience closely and taking corrective actions, among others through dedicated Fiber Migration and In-Home Experience agile teams.

Copper cost avoidance is an important value driver for Proximus. Delays in deployment or gaps in deployment zones could impact Copper outphasing as the full benefits only come when we can fully cut the last copper line. For the few customers that cannot be migrated to fiber, Proximus needs an alternative with Fixed Wireless Access or another technology. Copper outphasing is also an important element in Proximus' sustainability roadmap. Delays in copper outphasing would thus affect both profitability and sustainability goals. The risk is mitigated through careful planning of customer migrations and the allocation of dedicated resources, including both personnel and IT investments.

FTTH is a regulated activity in Belgium. Pricing and access conditions for FTTH are monitored and/or set by the regulator. Adverse or negative regulatory decisions on the FTTH pricing and/or access conditions could negatively impact the profitability of Proximus' investment by putting pressure on both wholesale and retail prices and/or make the commercial positioning of FTTH more difficult.

Human capital: Talent attraction, retention, and development

Failure to recruit, sustainably employ, engage, and retain a talented workforce could impact Proximus competitiveness and ability to reach its strategic goals.

The Belgian labour market remains under pressure, with a low unemployment rate especially in the north of the country, leading to a longer time to recruit for a broad range of profiles e.g., field technicians, shop employees or ICT consultants.

To mitigate the risk on talent attraction, Proximus runs various communication actions both on employer branding and recruitment topics (campaigning, 'always on' approaches on Social Medias, presence on external jobsites, events, ...). Recruitment channels have been diversified: referral by employees (with a reward in case of successful recruitment), internships, student jobs, etc. Proximus also leverages strong ties with external partners such as local agencies and recruiting offices to source needed skills and develop new sourcing pools.

The evolution towards Total Talent Management, integrating both internal & external resources, will play a critical role in our sourcing strategy, thanks to the Flecs-MSP Program and its future evolution with the launch of direct sourcing of freelancers.

Our Proximus Ada subsidiary helps Proximus grow its talent pool in Data Science/AI and cybersecurity and our ICT subsidiaries leverage on their strong positioning to attract IT talents. Proximus SA, BICS and Telesign also diversify their talent sourcing geographically, among others through Proximus Doo and Telesign Doo, subsidiaries in Serbia. A successful closing of the Route Mobile transaction would also open new sourcing options in India.

In a context of workforce cost increase (see 'Operating model evolution and cost control' below), failure to adapt the current workforce's skills to ever-evolving needs would hinder Proximus' ability to execute its strategic plan. A Strategic Workforce Planning program and a skills mapping exercise allow Proximus to anticipate recruitment, upskilling and reskilling needs on short and long-term. To secure future-proof skills and to guarantee sustainable employment to existing employees, Proximus invests extensively in training programs and internal mobility, providing many opportunities for upskilling and development. A dedicated project has been started in 2023 to optimize the use of Generative AI for productivity gains, in a secure and ethical way.

Thanks to the focus on internal mobility, 683 employees changed jobs internally in 2023. With the evolution of Proximus as a Group and its internationalization, synergies initiatives between the recruitment teams have been initiated (common job fairs, common projects such as internship) and will be further developed (intragroup referral program, internationalization of the graduate program). The importance of intragroup mobility is gaining in importance with a dedicated framework being setup that will be ready by 2024.

To boost employee engagement, our Think Possible company culture stimulates agile ways of working for more empowerment, customer-centricity, simplification, and innovation. The transformation is supported by dedicated training, thorough internal communication and the daily support of agile coaches, scrum masters and change managers. In October 2023, a new evaluation system and a new remuneration system (i.e., a simpler salary increase system to ease market alignment and an optimized bonus system) in line with the desired cultural transformation have been presented to employees of Proximus SA. Those systemic changes, effective as from 2024, increase the focus on performance, based on mutual trust and clear feedback.

Eligible Proximus SA employees are allowed up to 3 days of homeworking per week. Proximus offers employees a coherent set of user-friendly and secure digital tools that can be used on any device, allowing more flexibility and hybrid ways of working. Specific attention was put on effective hybrid working in the context of the move out of the Proximus Headquarters in the last quarter of 2023. (more information in: 'Campus program'). Diversity, equity and inclusion policies and initiatives further contribute to the employees' well-being and sense of belonging (more information in: 'Social statements').

Operating model evolution and cost controlment

With a challenging socio-economic and geopolitical context and inflation levels that remain high compared to the previous decades, costs need to be managed thoroughly.

Joint ventures, partnerships and an increasingly global footprint are an opportunity to gain scale and reduce operating costs vs standalone operations. This also makes for a more complex Group structure for Proximus that brings higher compliance risks and more third-party risks. The Proximus Group's governance structure and control mechanisms are being adapted gradually to better deal with this increased complexity.

To compensate the general effects of inflation, the Proximus Group implements a strict cost control discipline and cost reduction programs. While being on track for the period 2019-2025 cost reduction ambition, failing to achieve remaining cost efficiencies would lead to a decrease in profitability. Proximus is continuously looking for ways to increase and accelerate the savings realization without adversely affecting customer experience, e.g., through Generative AI solutions. To limit the inflationary pressure, long-term relationships with suppliers, contract protections, advanced ordering, multi-sourcing, and hedging mechanisms are used.

For Proximus SA and its Belgian subsidiaries, the unique Belgian system of automatic salary indexation to protect employees' purchasing power, and Proximus' obligation to index as soon as the pivotal index is reached, led to 2 salary indexations in 2023. Next to strict cost management, Proximus SA is countering this impact via price indexations. Should Proximus' brand power not be strong enough, the inability to compensate part of the cost increase through targeted price increases would weigh on the margins. Price indexations' potential churn impact is mitigated by a more-for-more strategy and commercial results remained strong after the previous price indexations.

By sharing parts of the mobile network infrastructure with Orange, Proximus benefits from efficiencies in network operations and ensures sustainable investments in new network technologies. Proximus aims for 100% 5G coverage in the 2025-2026 timeframe. Next to unexpected extra costs of maintaining the legacy network and upgrading it to meet capacity demands, significant delays in the RAN swaps could weaken Proximus' mobile leadership position. Proximus closely monitors and follows up on the progress with its partners and suppliers.

Although the telecom sector's resilience has been demonstrated in the past years, a deteriorating economic climate could lead to declining spending of customers in both the Consumer and Enterprise market and higher bad debt. Social tariffs and no-frills offers help keep essential telecom services affordable to all. Struggling customers are offered adapted payment plans. Churn and bad debt evolutions are followed up very closely by management, with no worrying evolutions noted to date.

Inflation can also have a positive commercial impact as Proximus NXT or BICS customers look for digitalization or outsourcing options to reduce their own operating costs.

Belgian telecom market competitive dynamics – residential market

The Belgian market is an evolving market with changing competitive dynamics that might impact market value going forward. Proximus has demonstrated its ability to adapt to changing market conditions in the past. Failure to continue to adapt and mitigate the impact of a changing market structure and pricing dynamics could significantly impact Proximus domestic EBITDA.

As mentioned above (see 'Operating model evolution and cost control'), it is critical for Proximus to maintain its brand strength and the resulting ability to monetize investments and to index prices to compensate for cost increases.

Proximus' Belgian connectivity revenues are at risk from increased competition particularly in Wallonia & Brussels where Proximus has a large market share. Orange Belgium has acquired a majority stake in VOO. Telenet and Orange have respective commercial wholesale agreements providing access to each other's HFC and FTTH networks for a 15-year period, leading to increased convergent competition across the country.

Following the 2022 spectrum auction with conditions favouring a new entrant, Citymesh and Digi joined forces to acquire spectrum and set up a joint venture for the network company to address business and private individuals respectively. Digi Communications Belgium announced its commercial start in 2024. Digi could put pressure on the Belgian telecom consumer prices to gain market share. Digi could also raise expectations on

digital customer experience in the sector. In August 2023, Proximus reached an agreement with Digi Communications Belgium and Citymesh Connect on mobile wholesale services and mobile infrastructure. This agreement mitigates the potential revenue impact on the Proximus Group through wholesale revenues.

Proximus' superior fiber technology versus cable helps to mitigate the churn risk in fiber zones and strengthen the brand, reduce exposure to price disruption and maintain pricing power. Proximus has also been consistently improving its multi-play value propositions, and structurally improving customer experience and customer service, translating in NPS gains and reduced churn.

Keen on providing the best mobile experience to its customers, Proximus has kept full control of its core network and spectrum assets. Proximus managed to secure more spectrum, in all bands, than other mobile players during the spectrum auctions of 2022. This strength mitigates the churn and pricing risk for Proximus as it allows Proximus to differentiate and guarantee a superior mobile experience for the next 20 years.

Next to competitive dynamics, evolving customer needs, like the acceleration of the "cord cutting" trend, i.e., customers cancelling their digital TV subscriptions, would impact revenues and customer stickiness as well as cost per digital TV customer due to the high fixed costs. "Over the top" competition (streaming services) drives the cost up for exclusive content. The high quality of Proximus' digital TV offer, the content sharing strategy for sports rights and the partnerships with streaming services mitigate those risks. Network/product superiority and relevant digital services through the Proximus app all contribute to mitigate the risk on customer stickiness and brand relevance.

The multi-brand strategy of Proximus also contributes to the risk mitigation. Scarlet and Mobile Vikings have very strong NPS scores and a convergent offer complementary to the Proximus brand offer. Scarlet addresses the price-sensitive segment and Mobile Vikings offers attractively priced mobile and Internet to young-at-heart digital-savvy customers.

Finally, Proximus domestic financial performance could be impacted by disruptive technologies and new business models. Should Proximus not be able to adapt fast and well enough, it would impact market shares and profitability. Proximus develops new revenue streams in domestic ICT and in faster growing geographies in the digital communications market to diversify and limit the risk on Proximus' top and bottom line.

Belgian ICT market competitive dynamics – enterprise market

On the domestic B2B mobile market, Proximus enjoys a solid market share. Intensifying price-based competition could lead to lower revenues and margins in the Corporate and Small & Medium Business segments.

Citymesh, as part of European IT company Cegeka, is looking to monetize its mobile spectrum investments, acquired in a joint venture with Digi. The loss of key customers could impact brand perception and Proximus' pricing power. In fixed connectivity, the range of Explore (convergent service platform) and SD-WAN solutions is managed to answer evolving customer needs whilst limiting revenue impact through targeted and proactive migrations to next-gen solutions. Fixed voice erosion could further accelerate and impact revenues and margins beyond current forecasts. Proximus mitigates the telecom churn and value erosion risks through its network leadership, good customer relationship management and a strong portfolio of convergent ICT solutions.

In the cluttered and competitive ICT market, the launch of Proximus NXT in June 2023 creates a strong brand to build a leadership position in the Benelux. Proximus NXT aims to be the preferred technology partner to help enterprise customers address their cybersecurity needs and seize opportunities brought by cloudification,

advanced data analytics, Generative AI, etc. Proximus NXT combines the telecom foundations of Proximus with unique ICT expertise and an ecosystem of partners.

Failure to effectively address evolving customer needs, new technologies, and market developments within the enterprise sector in a timely manner, or a failure to introduce competitive products or services, could result in lower revenues and reduced profitability for Proximus NXT. These risks, if realized, would ultimately have a negative impact on the overall financial performance of Proximus, affecting both its top and bottom line.

With the evolving European regulation on Corporate Sustainability and the increasing focus of enterprise customers on ESG, failure by Proximus to meet the required standards could prevent Proximus NXT from getting some contracts or even from participating in a selection process. The Proximus Sustainability governance ensures continuous improvement in ESG, sets high standards for internal teams, and ensures that ESG achievements and commitments of Proximus are properly reflected and communicated to the market.

Regulatory and legal risks

Proximus' 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 Proximus operates 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 way they are interpreted or applied, may result in damage to Proximus' reputation, civil and criminal liability, fines and penalties, increased tax burden or cost of regulatory compliance and restatements of Proximus' financial statements. Proximus is subject to significant regulation and supervision, which could require it to make additional expenditures or limit its flexibility, affect its financial results in general and otherwise adversely affect its business.

Proximus may be sued by third parties for infringement of proprietary rights. The telecommunications industry and related service businesses are characterized 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. In addition, the Group may be sued for copyright or trademark infringement for purchasing and distributing content through various fixed line or wireless communications and other media, such as through its portals. Any such claims or lawsuits, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause product shipment delays or delays in the granting of patent applications or require the Group to develop non-infringing technology or to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on commercially reasonable terms or at all. If a successful claim of product infringement were made against the Group or it could not develop non-infringing technology or license the infringed or similar technology in a timely manner and on a cost-effective basis and commercially reasonable terms, operating revenue and net profit could decline.

The outcome of pending disputes involving Proximus with or before Belgian Government bodies could adversely affect Proximus' operating revenue and net profit.

Environmental risk and climate change

In 2022, Proximus started integrating climate risk structurally into the Enterprise Risk Management (ERM) processes and opted to conduct a separate climate risk process in the years when the ERM exercise is not taking place. In preparation to the Corporate Sustainability Reporting Directive” we performed a double materiality assessment and are reinforcing our processes linked to climate risk.

Proximus has a clear strategy to reduce CO₂ emissions and has put in place a scientifically validated action plan developed based on the new 'Net Zero' standard of Science Based Targets to achieve net zero greenhouse gas emissions by 2040.

Though implementing actions to mitigate climate change is essential, Proximus also needs to take steps to adapt to ongoing and future environmental climate changes. Understanding and (financially) assessing our climate change risks and potential vulnerabilities is key to avoiding disruption to our network and our customers. At the same time, it provides a momentum to reflect on how we can offer more value to society and our customers. Both aspects inform our overall business strategy.

Physical risks as well as risks arising from transitioning to a low carbon economy have been assessed. They were analyzed across three climate scenarios that project three different temperature paths increase: divergent net zero (+1.5°C), delayed transition (+1.8°C) and current policies (+3°C). They were additionally analyzed over three time-horizons: short-term (0-3 years), medium-term (3-10 years) and long-term (10-25 years) in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). The magnitude of impact scales used for the risk assessment was from “low” for impacts with a value less than € 100,000 to “very high” for impacts that exceed € 12.5 M.

In the context of climate change risks, the standard Proximus risk management methodology (1. research and workshops for risks and opportunities identification; 2. analysis of financial, operational, and reputational impact; 3. prioritization and action plans) is applied with the involvement of relevant stakeholders from the Technical, Tax, Legal, Regulatory, HR, Procurement, Strategy, Business operations, and Facilities domains.

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

Risk Causes	Climate change related risk	Policy ambition	Short-term until 2025	Medium-term 2025-2035	Long-term 2035-2050
Policy changes	1. Introduction of climate change related policies by governments These policies could result in a price increase, for example by putting a price on CO2 emitted. Extra flat taxes are also a possibility.	1,5°C	Low	High	High
		1,8°C	Low	High	High
		3 °C	Low	Low	Low
Market	2. Competition for scarce green energy supply Energy prices have seen a massive price increase due to geopolitical reasons. The move away from fossil fuels also has an influence on pricing of energy as green energy is in high demand.	1,5°C	Medium	High	High
		1,8°C	Medium	High	High
		3 °C	Low	Low	Low
Market	3. Increased outsourcing & supply chain risk as they are also exposed to climate change impact Climate change is one of the driving factors influencing the economy. Climate change could trigger pandemics, political uncertainty, raw materials shortage, ... with influence on our partners.	1,5°C	Medium	Medium	High
		1,8°C	Low	Medium	High
		3 °C	Low	Medium	Medium
Reputation	4. External stakeholder perception may not be in line with Proximus efforts Perceived inactivity/inconsistency of a company with regards to climate change can lead to customer churn, missed sales opportunities, lower demand for products & services, regulatory fines, Example: debate around roll-out 5G and climate impact.	1,5°C	Medium	High	High
		1,8°C	Low	Medium	High
		3 °C	Low	Low	Medium
Extreme weather events	5. Infrastructure damage Extreme weather events will become more frequent and widespread, even in unexpected areas. These events will cause major disruption and damage to IT systems and assets.	1,5°C	Low	Low	Low
		1,8°C	Low	Medium	Medium
		3 °C	Low	Medium	High

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

Eco smart products & services	Development of low emission goods & services There is a growing market interest in products-as-a-service and products with a lower footprint in terms of carbon emissions and material usage.
Eco smart products & services	Development of new products & services through innovation that can enable customers to reduce their CO₂ emissions Solutions to decarbonize other sectors create existing and new business opportunities. Use of fiber & 5G as enablers for IoT, Big data & Cloud solutions with a potential to reduce carbon emissions such as smart agriculture, smart building, energy reduction, ...
Markets	Green financing New opportunities can also be captured through underwriting or financing green bonds and infrastructure (e.g., low-emission energy production, energy efficiency, grid connectivity, or transport networks)
Reputation	Talent attraction Talent is moving to sustainable companies: the majority of younger generations want to work for a company with strong sustainability/ESG action.

Approach of Proximus regarding the identified risks:

1. Introduction of climate change related policies by governments

We track regulatory development to be able to comply with existing laws, such as the relevant aspects of the EU green deal. We assess the impact of these emerging regulations, across operations, supply chains and jurisdictions. In 2022, we made progress towards assessing EU taxonomy alignment and started implementing the recommendations of the Task Force on Climate-Related Financial Disclosures. This information can be found respectively at page 68 and 74.

The most important action for mitigating this impact is ensuring our net-zero action plan is fully implemented. Proximus is proud that its near-term and long-term greenhouse gas emissions reduction targets have been validated by the Science Based Targets initiative (SBTi). Proximus commits to reduce its absolute scope 1 and 2 greenhouse gas emissions by 95% by 2030 and to maintain a minimum of 95% reduction through 2040 (from a 2020 base year). To this end, Proximus will eliminate fossil fuels from its fleet and buildings and continue sourcing 100% renewable electricity. At the same time, Proximus is working on energy-efficiencies throughout its technical buildings, mobile & fixed network, and data centers. Proximus also commits to further reduce absolute scope 3 greenhouse gas emissions by 60% by 2030 and by 90% by 2040 (from a 2020 base year). These are very ambitious targets knowing that scope 3 greenhouse gas emissions, which include all indirect activities throughout the value chain, represented 94% of the company's CO₂ emissions last year. To reach this ambitious objective, Proximus is reaching out to its suppliers to encourage them to set SBTi validated targets, source renewable energy and implement a decarbonization pathway. Proximus' circular ambition and implementation of circular principles, like eco-design, repair, refurbishment and lifecycle extension will further open the pathway to achieving its net-zero ambition.

2. Competition for scarce green energy supply

The electricity prices worldwide have skyrocketed in recent months due to geopolitical factors. Climate change is also undoubtedly one of the factors influencing the price. The forced move away from fossil fuels additionally implies a lower guarantee of continuously delivered electricity. Proximus has committed to use only green electricity is already using 100% green electricity today. To mitigate the supply risk, by 2026, we will work with more local electricity sources through investments in a Power Purchase Agreement, long-term partnerships with Belgian wind and solar plants that match our consumption patterns. We will continue to invest in energy efficiency measures. For example, in the next five years, data traffic is expected to increase by 400%, a growth of about 35% per year, resulting in increased energy consumption. To keep the electrical energy consumption flat despite the growing demand, we will implement network energy-saving initiatives.

3. Increased outsourcing & supply chain risk as they are also exposed to climate change impact

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain. Thus, working with suppliers that could fail to meet Proximus needs, or depending too much on few specific suppliers, may lead to delayed or failed deliveries, loss of revenue, regulatory fines or damage to our reputation. Therefore, we analyse trends in supply and demand for products and services and adapt our offers accordingly. We scan the market for products and services that could help Proximus reach its climate targets. In this regard, we evaluate future acquisitions. We also engage with suppliers and customers. With the biggest remainder of our carbon footprint residing across our value chain, to achieve our net zero ambition by 2040, we will continue to work closely with our suppliers. We will encourage them to reduce their carbon footprints and secure more sustainable supply chains themselves. We already screen the sustainability performance of our suppliers through the Joint Alliance for CSR (JAC) and EcoVadis. We have a strict follow-up of critical supplier contractual liability through a holistic Supplier Code of Conduct (SCoC) and rigid Service Level Agreement (SLA) clauses. We are sourcing sustainably: the sustainability component counts for 20% of the tenders we issue. And lastly, through our Supplier Engagement Program, we set detailed expectations and KPIs for our suppliers and implement clear, binding commitments.

4. External stakeholder perception may not be in line with Proximus efforts

We regularly monitor the evolution of our reputation through market research. We put our circularity and CO₂ reduction efforts forward in our corporate communication, in our commercial advertising, in our shops, on our packaging, etc. Sustainability is also a cornerstone of our employer brand. Through internal communication, we turn our employees into ambassadors. And finally, we also communicate our progress on Environmental KPI's on a periodic basis (at least annually) to investors and analysts.

The above-mentioned validation of our targets by the Science Based Targets initiative (SBTi), our internal sustainability governance and Board oversight (more information in: 'Sustainability governance) add to our credibility. Regular stakeholder dialogue allows us to focus our actions and communication efforts on the most material topics for our stakeholders.

Through MyFootprint available on our MyProximus app, we invite our residential customers to track and reduce their own carbon footprint. We engage with peers, public authorities, Belgian enterprise federations (e.g., Agoria) and international sector associations (e.g. ETNO) to encourage collective action and to put forward the positive role of our sector in helping companies and public authorities reduce their environmental footprint.

Striking examples are our Smart energy, Smart buildings, or Smart mobility solutions.

To preserve our reputation, all our carbon abatement claims must be supported by credible and verified calculation procedures.

5. Infrastructure damage

Climate change is one of the driving factors influencing extreme weather events. In the coming years, extreme weather events will become more frequent and widespread, devastating areas that typically do not experience them and amplifying the destruction in areas that do.

These events could cause major disruption and damage to IT systems and assets. Data centres could be significantly impacted, and critical infrastructure could be put at risk. To anticipate and implement measures to protect Proximus infrastructure against these extreme weather events, we use expert input from scientists, such as the OFDA/CRED International Disaster Database (<http://www.emdat.be>) and Université Catholique de Louvain, as well as performing our own annual climate change scenarios risk assessment analysis.

Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of Proximus' businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation risks. Depending on the nature of the risk involved and the business or function affected, Proximus uses a wide variety of risk mitigation strategies, including adverse scenario stress tests, back-up/business-continuity plans, business process reviews, and insurance.

Proximus' operational risk measurement and management relies on the Advanced Measurement Approach (AMA) methodology. A dedicated "as-if" adverse scenario risk register has been developed to make the stress tests relevant.

Proximus is covered by extended general and professional liability, property damage and business interruption insurance, as well as by a dedicated cyber security insurance program.

Nevertheless, these insurance programs may not provide indemnification should the traditional insurance exclusions (non-accidental event) apply.

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

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

Resilience and business continuity

Business Continuity Management is developing its ability to detect, prevent, minimize, and deal with the impact of disruptive events so that business critical services and functions can be operated at an acceptable level. The approach is in line with the good practice standards and Belgian regulations on telecom and critical infrastructure. This is achieved via the development of business continuity plans at corporate level for threats like power interruptions, ransomware attack or natural disasters linked to climate change. Building and ensuring the resilience of our network, platforms and IT systems remains a top priority to minimize the customer impact in case of incidents. These priorities are managed by the corresponding business units. The business continuity board is the steering committee which defines the priorities, the scope and validates the outcome. The level of preparedness is submitted annually to the Audit and Compliance Committee.

Security

The escalating global cyber threats, along with the rise of increasingly sophisticated and targeted cyber-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, services, business flows, 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 several measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans.

Proximus cyber security program sets important emphasis on Identity & Access Management, for privileged users, business users, partners, and vendors, on securing Proximus critical infrastructure such as API, private and public clouds and DDoS protection, on protecting against advanced disruptive malware (such as ransomware) and extending the monitoring and detection capabilities. Artificial Intelligence and Machine Learning capabilities are increasingly used in Proximus' cyber security.

Besides that, Proximus invests in threat intelligence and security incident response. Moreover, Proximus operates several Malware Information Sharing Platforms (MISP) that enable the collection and sharing of structured information on cybersecurity threats. Proximus actively participates in various cross-industry and international expert groups to stay updated on the latest threats. Collaboration is established in the expert groups of the European Telecom Operators platform (ETIS), GSMA, the Belgian Cyber Security Coalition and FIRST.

Furthermore, Proximus also acts to protect its customers against fraud. With the support of the government, Proximus invests in anti-phishing and anti-fraud platforms (SMS, email, interconnect security).

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.

Proximus began its GDPR compliance journey with a GDPR readiness assessment conducted by an external company back in 2016. Since this exercise, Proximus has 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., implementing a register of processing activities.

To ensure that privacy considerations are embedded within its business activities, Proximus has appointed Privacy Ambassadors within the different business units to provide support to the legal department and DPO office in screening privacy sensitive initiatives. In view of the privacy by design principle, Proximus is constantly improving its Privacy Review Process to ensure privacy risks are identified early on and swiftly acted upon.

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

Proximus carefully handles and documents the complaints it receives regarding the protection of its customers' data, which come from the following sources:

- Concerned customers themselves
- Consumer organizations such as Test Aankoop/Test Acharts
- Bodies such as the Belgian Data Protection Authority or the Belgian Telecom Mediation Service

Sourcing & Supply chain

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain. Global instability, logistics disruptions, energy crisis, climate induced natural disasters, etc. increases the risk on our supply chain resilience.

Any breach of relevant legislation or non-compliance with international standards for human rights by our suppliers could lead to legal action and negatively impact Proximus' reputation.

Risk mitigation is done via multi-sourcing, tier 2 management, improved inventory management (advanced ordering, better forecasts, etc.), demand reduction and product and process reengineering. Thanks to enhanced Supplier Relationship Management (SRM) we continuously assess risks together with the partnering supplier, hence reducing vulnerability and ensuring continuity. The relationship with key suppliers is assessed and documented by means of meeting minutes and surveys, which lay down the common strategies.

We continuously monitor risks through a SCRM by Sphera, alerting the appropriate stakeholder in any case of disruption in the supplier chain.

EcoVadis conducts sustainability performance evaluations, risk assessments, and audits for national direct suppliers, while major global suppliers undergo these processes through the Joint Alliance for CSR (JAC) initiative.

We strictly follow-up on critical suppliers' contractual liability through our Supplier Code of Conduct and Service Level Agreement clauses.

Thanks to our active monitoring and risk mitigation actions, Proximus' supply chain has proved resilient in previous crises and financial impact was limited.

Legacy Network Infrastructure

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

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

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

Risk Management & Compliance Committee

In 2023, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Leadership Squad and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions must 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 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 to ensure that Proximus only accepts risk which it is adequately compensated for (risk/return optimization).

Since 2022, sustainability topics including climate change risks have been included on the agenda of the Risk Management Committee.

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 Group 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 Internal Audit Lead 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.

Since 2020, Proximus Internal Audit department, in accordance with IIA Standard 1312 - External Quality Assessment, has been certified by IFACI/IIA.

Financial reporting risks

In the area of financial reporting, besides the general enterprise risks impacting the financial reporting 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. Inappropriate accounting treatment can result in financial statements which fail to provide a true and fair view. Changes in legislation (e.g., pension age, customer protection) can also significantly impact the reported financials. New accounting standards may require the gathering of new information and the adaptation of complex (billing) systems. If not adequately foreseen, the timeliness and reliability of the financial reporting could be jeopardized.

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

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

For each new type of transaction (e.g., new product, new employee benefit, business combination), an in-depth analysis is conducted from the point of view of financial-reporting, risk-management, treasury, and tax. In addition, the development requirements for the financial systems are defined in a timely manner and, in compliance with internal and external standards, are 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 Leadership Squad 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.) and their application by the tax authorities can significantly impact the financial statements. To ensure compliance, it is often necessary to set

up additional administrative processes within a short timeframe, to collect relevant information or run updates on existing IT systems (e.g., billing systems).

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

The complexity of the legal and regulatory environment in which we operate, and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations, changes in laws and regulations or the way 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 impact our financial statements.

Financial statement closing process

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

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

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

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, and detective controls, where the outcome of the processing is analyzed and confirmed.

Special attention is paid to reasonableness tests, where financial information is analyzed against underlying operational drivers, and coherence tests, where financial information from different areas is brought together to confirm results or trends, etc. Tests on individual accounting entries are performed for material or non-recurrent transactions. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Important events that have occurred after the end of the period

Six months ago, we launched the Proximus NXT brand to show our ambition to tackle the rapid innovation & changing customer needs in the Benelux Enterprise Market. In 2024, we would like to take the transformation one step further, building on our leadership and capturing future profitable growth in the IT and Telco business. Therefore, we want to announce to you that we presented mid-February a plan to our social partners with the intention to transfer our Proximus SA B2B activities in IT to our affiliate PICT SA (Proximus ICT) strengthening ties between both companies. This intention has no influence on the financials of 2023.

Circumstances that can significantly influence the development of Proximus

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

Expertise of the Audit & Compliance Committee members'

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

A majority of the members of the Audit & Compliance Committee has extensive expertise in accounting and audit. The Chairwoman of the Audit & Compliance Committee, Mrs. Catherine 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

Proximus is dedicated to exploring and developing future-defining technologies. Our commitment extends to actively engaging in an open innovation approach, fostering close collaboration with customers, suppliers, and partners. Through partnerships, we consistently broaden and stimulate our research and development efforts conducted in various Proximus labs, skilfully led by our innovation teams.

Proximus Ada

In 2023, Proximus Ada continued its development, positioning itself as a **center of excellence in artificial Intelligence (AI) and cybersecurity**. It is designed to be a pillar of innovation and a center of expertise for all the companies in Proximus Group.

In AI, Proximus Ada leveraged the rise of Generative AI and conducted research on various Large Language Model (LLM) applications for Proximus and external customers.

More information in: 'Engineer technology assets to enable digital ecosystems'.

AI and Generative AI

Building on the AI experience of Proximus Ada and the cloud expertise of Codit, Proximus has launched an AI offer for enterprise customers through open innovation. We help customers develop AI projects in three key domains: **Generative AI, anomaly detection & forecasting, and computer vision**. Our support ranges from discovery training to the rollout of complex AI solutions. Read, for instance, the example below on the computer vision-assisted inventory management solution.

Proximus has also embraced **Generative AI** apps to support the productivity of its employees, boost customer experience, and drive innovation. Multiple projects leveraging Generative AI technology include enhancing search engines of internal applications, and assisting in various tasks, such as writing, correction, summarization, and text translation. Additionally, the company is enhancing its Proximus Digital Assistant chatbot to provide better customer experience.

5G, a driver of innovation

On 5G, we are developing technological innovations that will lead to new opportunities for our customers. An example of this is 5G slicing that we developed with our partners Nokia & Ericsson. In 2023, our 5G innovation lab successfully tested the first use case of **5G slicing**, demonstrating its potential for real-world applications such as emergency services.

Furthermore, we believe in empowering our customers and partners by providing them with live testing environments to stimulate the development of **innovative 5G use cases**. In addition to its existing 5G innovation

Hubs - A6K in Wallonia, Howest University of Applied Sciences and Fabriek Logistiek - Proximus also set up a new 5G Hub in partnership with VIVES University of Applied Sciences in July 2023.

In 2023, we explored 12 new 5G use cases. More information in: 'Grow profitably locally and globally through strong brands'.

A very telling use case we implemented in 2023 is the launch of Wallonia's first warehouse management project using a **drone coupled with 5G and artificial intelligence**. Proximus teamed up with several partners to develop a computer vision-assisted inventory management solution that will make it possible for the first time to fly a drone autonomously into a covered storage warehouse, so that relevant, real-time information can be transmitted to the company's stock manager.

In the field of drones, we are continuing to develop our partnership with Helicus for the future implementation of Beyond Visual Line of Sight (BVLOS) medical drone flights. We will further focus on the implementation of real use cases in the area of image and video processing, analytics and edge computing.

Quantum technology

Quantum technology will play an essential role in cybersecurity. Today, Proximus is part of an ecosystem that includes industrial partners and academic experts, and that is working on the contribution of quantum research to strengthening data protection and network security. This ecosystem also aims to unite stakeholders across various domains of quantum technology and to inform the market about the possibilities of this promising field.

Proximus is advancing the development of **Quantum Safe Networks** through Quantum Communications. Our approach combines Quantum Key Distribution (QKD) and Post-Quantum cryptography (PQC) to further strengthen network security. In 2023, we achieved a major milestone by validating the first quantum-safe network on a production fiber network in Belgium, showcasing our leadership in quantum technology.

To develop our employees' skills for the future, we have launched a learning program called 'Quantum Discovery Track'. As of 2023, proficiency in quantum technology was achieved by at least 70 Proximus employees.

Smart solutions

Together with its partners, Proximus delivers end-to-end solutions enabling its customers to innovate by connecting applications and devices, aggregating different data streams, providing insights into their data, and automating processes.

Smart health

Proximus actively participates in various innovative projects in healthcare. This includes monitoring for heart failure patients at the ASZ hospital, preventive care at IDEWE Group, and the exploration of extended reality with projects in Virtual Reality for training purposes and Augmented Reality to support remote assist use cases. A notable use case is the launch of the 5G connected ambulance at UZ Brussel, where caregivers wear smart glasses to support telemedicine. Surgeons also utilize smart glasses to stream surgeries via a Proximus 5G connection to the outside world.

Smart building and smart energy

In response to the challenge of climate change, Proximus provides IoT and data analytics solutions to assist customers in making smarter use of energy and reducing their carbon footprints. Our focus on the energy transition, particularly the role of buildings in creating a more sustainable world, is at the heart of our initiatives.

This is why we collaborate with experienced partners such as Digital HQ and Aug.e, to offer a broad range of smart building solutions to our customers.

Furthermore, our solutions contribute to creating smart workplaces for customers, enhancing the comfort and well-being of their employees.

Sovereign Cloud

To address customer concerns about protecting their data, Proximus has strengthened its strategic focus on sovereign cloud solutions. These solutions allow customers to fully benefit from the advantages of the cloud, while substantially increasing the protection of the data and preventing 3rd party access, including access by the cloud provider.

In 2022, Proximus was one of the first operators in the world selected by Microsoft to create a sovereign cloud. In March 2023, Proximus and Google Cloud joined forces to establish a highly secure sovereign cloud. A first in Europe. "This Google platform, aimed to be physically isolated (i.e. not connected to the public cloud or the internet), will be hosted in the data centers of our partner LuxConnect and operated by Proximus, through the Clarence joint venture

Internal initiatives supporting innovation

The **Design Thinking Center of Excellence** is a dedicated team of Design Thinking specialists. They translate the Design Thinking methodology for employees and design standardized tools to scale its implementation within the organization. Annually, they train 900 employees and offer coaching for an average of 16 strategic projects.

The **Innovation Accelerator** is about identifying and supporting innovative initiatives that have the potential to become new revenue sources, particularly in fields adjacent to our core business. This accelerator places a premium on initiatives with long-term growth potential, prioritizing foresight over immediate impact.

The **Proximus Innovation Committee** is a central hub for innovation within the company, fostering internal alignment and promoting collaboration and knowledge sharing. The Committee also handles collaboration opportunities and funding requests from external organizations. This dual role makes it a key contributor to Proximus' innovation strategy, integrating both internal and external innovation efforts.

The **Customer Experience Challenge** is an annual company-wide hackathon that encourages cross-departmental collaboration to generate innovative ideas and enhance customer experience. The 2023 theme was "Delighting our customers, boosting NPS," with a focus on the Residential and SME segments.

The **Proximus Innovation Challenge** is a series of hackathons where participants with diverse backgrounds collaborate to generate new ideas, share a learning journey and develop prototypes with business value in just a few days. In 2023, HackaWatt, the hackathon dedicated to energy efficiency was organized in partnership with MolenGeek.

International operations

BICS

BICS continuously invests in advancing its global communication solutions portfolio addressing both telco, enterprise and cloud segments.

Today, BICS is focusing its R&D on delivering 5G services, (e)SIM and IoT technology, digital communication services and strong fraud, security and analytics offering. BICS continues to monitor market evolution and customer needs to enhance its services, features and overall product portfolios.

A range of innovations are being developed at BICS at, including its 5G Standalone Roaming Hub, which announced its first full service 5G Standalone connection in October 2023.

More information in: 'Grow profitably locally and globally through strong brands'.

Telesign

Telesign's research and development efforts are focused primarily on building industry-leading digital identity solutions, addressing all primary use cases, enhancing deployment flexibility, and providing seamless integration across cloud and on-premises applications. Telesign regularly releases updates to its services which incorporate new features and enhance existing ones.

In 2023, Telesign has extended its research and development initiatives with the introduction of the Breached Data product. This innovative addition to Telesign's Identity product family involves scanning the Dark Web to catch intrusions and protect identities. The Breached Data product enables customers to determine if and when a phone number – and any associated data – has been compromised in a breach. The goal is to help our customers proactively prevent account takeovers, fake users, and synthetic identity fraud before financial, operational, or reputational loss occurs.

Corporate Governance Statement

Proximus governance model

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the center of ethical 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 Belgian Code of Companies and Associations of 29 March 2019 (the “Belgian Code of Companies and Associations”) and the Belgian Corporate Governance Code of 2020 (the “2020 Corporate Governance Code”).

The key features of Proximus’ governance model are:

- a Board of Directors, which defines Proximus’ general policy & strategy and supervises operational management
- an Audit & Compliance Committee, a Nomination & Remuneration Committee, and a Transformation & Innovation Committee 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
- a Leadership Squad which assists the CEO in the exercise of his duties

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

Deviations from the 2020 Belgian Corporate Governance Code

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

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

Relationship Agreement

In accordance with article 8.7. of the 2020 Corporate Governance Code, Proximus concluded in December 2022 a Relationship Agreement with its majority shareholder, the Belgian State. This agreement, that does not impact the autonomy of Proximus, nor the competences of its corporate bodies, has the aim to create a framework for the exchange of information, in full respect with the European and Belgian financial legislation. This Relationship Agreement is published on the company's website.

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

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

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

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

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

Control environment

Organization of internal control

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

The A&CC meets at least once every quarter.

Ethics

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

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

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

Policies and procedures

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

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

Roles & responsibilities

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

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

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

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

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

Skills & expertise

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

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

Risk analysis

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

Risk mitigating factors and control measures

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

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

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

Reporting and validation of the financial results

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

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

Supervision and assessment of internal control

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

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

Composition and functioning of the governing bodies and their committees

Board of Directors

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

Directors are appointed for a renewable term of up to four years. Proximus does not apply an age limit for its directors, but according to the limits for independent directors, defined in article 7:87 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, the maximum term for independent directors is limited to twelve years. The Board of Directors decided in 2021 that this maximum term also applies for the non-independent directors.

The directors are appointed at the general meeting by the shareholders. The Board of Directors exclusively recommends candidates who have been proposed by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee takes 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 today has the right to nominate seven 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 three independent directors.

Proximus is proud to have a gender parity between male and female within its Board of Directors. This composition and the complementary expertise and skills of all directors create a dynamic which benefits the good management of the company.

Composition of the Board of Directors

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

Name	Gender*	Age	Position	Term
Stefaan De Clerck	M	72	Chairman	2013 – 2025
Guillaume Boutin	M	49	Chief Executive Officer	2019 - 2024
Karel De Gucht	M	70	Director	2015 - 2025
Béatrice de Mahieu	F	51	Director	2022 - 2026
Audrey Hanart	F	38	Director	2022 - 2026
Ibrahim Ouassari	M	45	Director	2021 - 2025
Claire Tillekaerts	F	67	Director	2022 - 2026

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

Name	Gender*	Age	Position	Term
Pierre Demuelenaere ¹	M	65	Independent Director	2011 - 2023
Cécile Coune ²	F	61	Independent Director	2023 - 2027
Martin De Prycker ³	M	69	Independent Director	2015 - 2027
Catherine Rutten ³	F	55	Independent Director	2019 - 2027
Joachim Sonne	M	49	Independent Director	2019 - 2024
Agnès Touraine ⁴	F	69	Independent Director	2014 - 2023
Catherine Vandendorre	F	53	Independent Director	2014 - 2026
Luc Van den hove	M	64	Independent Director	2016 - 2024

(*) F : Female / M : Male

1 The mandate of Mr. Pierre Demuelenaere ended at the AGM of 19 April 2023

2 By decision of the AGM of 19 April 2023, Mrs. Cécile Coune was appointed until the AGM of 2027

3 By decision of the AGM of 19 April 2023, the mandates of Mr. Martin De Prycker and Mrs. Catherine Rutten were extended until the AGM of 2027

4 Mrs. Agnès Touraine resigned on 1 December 2023

Activities Report of the Board of Directors and Committee meetings:

In 2023, fourteen meetings of the Board of Directors were held, six meetings of the Audit & Compliance Committee, five of the Nomination & Remuneration Committee and two of the Transformation & Innovation Committee.

Attendance Board of Directors and Committee meetings:

Name	Board (total 14)	ACC (total 6)	NRC (total 5)	TIC (total 2)
Stefaan De Clerck	14/14	6/6	5/5	2/2
Guillaume Boutin	13/14			
Cécile Coune ¹	10/10		3/3	
Karel De Gucht	13/14	5/6		
Béatrice de Mahieu	14/14			2/2
Pierre Demuelenaere ²	4/4		1/1	
Martin De Prycker	14/14		5/5	2/2
Audrey Hanard	11/14			
Ibrahim Ouassari	14/14			2/2
Catherine Rutten	14/14	6/6		
Joachim Sonne	14/14	6/6		
Claire Tillekaerts	14/14		5/5	
Agnès Touraine ³	10/12			2/2
Catherine Vandendorre	13/14	6/6		
Luc Van den hove	11/14		4/5	2/2

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

1. Appointed on 19 April 2023

2. Mandate ended on 19 April 2023

3. Resignation on 1 December 2023

Functioning of the Board of Directors

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

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

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

Committees of the Board of Directors

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

The members of the Audit & Compliance Committee are: Mrs. Catherine Vandendorpe (Chairwoman), Messrs. Stefaan De Clerck, Karel De Gucht, Joachim Sonne and Mrs. Catherine Rutten.

The members of the Nomination & Remuneration Committee are: Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere (until 19 April 2023), Martin De Prycker, Luc Van den hove, Mrs. Claire Tillekaerts and Mrs. Cécile Coune (as of 20 April 2023).

The members of the Transformation & Innovation Committee are: Messrs. Stefaan De Clerck (Chairman), Martin De Prycker, Ibrahim Ouassari, Luc Van den hove, Mrs. Béatrice de Mahieu and Mrs. Agnès Touraine (until 1 December 2023).

Given the strong evolution of the international pillar of Proximus, the Board of Directors decided at its meeting of 14 December 2023 to create an International Committee.

Related Party Transactions

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

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

Evaluation of the Board

The Board evaluates its performance and interaction with the executive management at least every three years. The latest evaluation took place at the end of 2021 together with external partner Guberna. The Board members were invited to answer an extensive questionnaire, followed by an interview between Guberna and each individual Board member. The Board members were asked their opinion on corporate governance at Proximus, the functioning of the Board and of the committees. Guberna concluded in 2022 that the assessment was overall positive and identified as main strengths a well-balanced composition of the Board, the high quality of information flow to the Board, a Board culture stimulating the decision-making in the interest of the company and an excellent leadership by the Board’s Chair. As a result of the evaluation, the Board approved and implemented an action plan. The first element is to increase the visibility for the Board on the governance of the affiliates. To this end an additional yearly board is dedicated to this topic. The Board further decided to include in the management reporting to the Board a step-back of important investment files, comparing the business case with the results achieved. The Board also organized a benchmark on board and executive compensation and organized special onboarding sessions for the new members after the AGM of April 2022 and April 2023. Starting from the need for new competences, the Board did develop a competence dashboard, taking potential gaps into account when deciding on profiles for new directors.

Non-executive directors regularly evaluate their interaction with the executive management and meet at least once a year without the CEO. At the beginning of every year, the committee chairs submit their annual reports to the Board.

Leadership Squad

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. Moreover, the Board has delegated broad powers to the CEO. The contract of Mr. Guillaume Boutin is a renewable six-year fixed-term contract that started on 1 December 2019.

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

The members of the Proximus Leadership Squad, other than Mr. Guillaume Boutin, the CEO, are Mrs. Anne-Sophie Lotgering, Mrs. Antonietta Mastroianni, Messrs. Ben Appel, Jim Castelee, Mark Reid, Geert Standaert, Renaud Tilmans and Jan Van Acoleyen.

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

Diversity & Inclusion statement

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

Strategic orientation regarding diversity & inclusion

Proximus believes that a diverse workforce, through its employees' unique talents, experiences and all other characteristics unrelated to someone's abilities, will help it reach a more diverse marketplace while fostering business sustainability.

Therefore, Proximus has a [Policy on Diversity and Equal Opportunities](#), which is part of the [Code of Conduct](#) and thus applies to all employees.

With this policy, Proximus wants to stimulate a positive and safe work environment where each individual's authenticity is respected and valued and where all employees are treated on a fair and equal basis, regardless of their background, which for Proximus means:

- Treating all applicants and employees equally, based solely on relevant competencies and objective criteria.
- Promoting a mindset of respect and openness throughout all levels of the organization.
- Demonstrating behavior free from any form of racism, intolerance, discrimination, harassment or other attitude likely to negatively affect the dignity of men, women and x at the workplace.
- Incorporating diversity in all aspects of the way it runs business, without any form of intolerance.

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

Diversity & inclusion in our leadership and employees communities

Proximus is particularly conscious of the importance of diversity at all levels of the organization. To reinforce its commitment to recruiting employees with an inclusion and growth mindset and displaying behavior in line with its “Think possible” culture, Proximus has put in place a **non-discrimination clause** for each new application. When new employees join the company, Proximus takes measures to ensure that they become ambassadors of its corporate culture. For example, elements of its inclusion program are integrated into the employee onboarding tool, presented on welcome days and in all relevant training sessions for team leaders, experts, trainees, etc.

Proximus also developed a new **training on unconscious bias** and will push a mandatory training module to all employees in 2024 to create awareness about the importance of diversity & inclusion within its community.

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

Gender mainstreaming

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

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

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

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

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

- International days celebrations (International day of Women and Girls in Science on 11/02, International Women day on 08/03, International day of Transgender visibility on 31/03);
- Parity of the members of the Proximus Board of Directors after new appointments in 2023;
- Celebrations organized during diversity month (May) via various blog posts on the intranet and social networking sites;
- Actions in the frame of the International day against homophobia, transphobia and biphobia on 17 May;
- Continued collaboration with Open@Work on the development of an LGBTQIA+ policy;
- Review of the training offer related to D&I and addition of metadata to facilitate searches;
- Review of our recruitment approach to make recruiters more aware of “unconscious biases” during the recruitment process and help them set them aside;
- Analysis of the remuneration structure by level (pay equity check);
- Launch of and promotion around the new MS Office 365 functionality enabling employees to make their pronouns visible on their profile cards to make the workplace more inclusive and comfortable for everyone;

- Organization of a Top Women Tech event to attract international female profiles and promote digital (“STEM”) functions within Proximus;
- Official launch of our new corporate visual identity.

Proximus has extended its ambition of being the most active company in the promotion of women in the digital world and reached its target of recruiting 30% of women with a university degree in technical areas by the end of 2023.

Within the framework of its Collective Agreement 2023-2024, Proximus commits to keep on taking initiatives in this domain and to remain open and non-restrictive in its communication, marketing and recruitment campaigns. Proximus has also taken additional initiatives to communicate its diversity and inclusion vision, strategy and actions via a live keynote by an international speaker who was introduced to our Proximus Leadership Team and to all employees, a video made by 3 members of our Proximus Leadership Squad to raise the awareness around D&I, internal CEO communications to all employees, different social media and posts on the corporate website of Proximus.

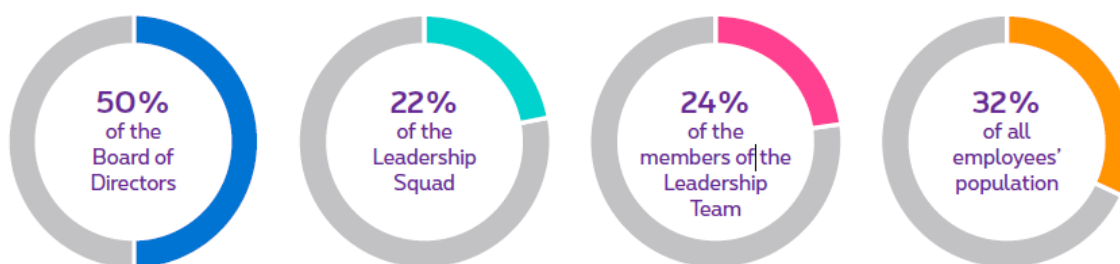
We also completely reviewed and redesigned the diversity & inclusion pages on our corporate website and on our intranet. They provide information regarding events, celebrations and more on the topic of diversity and inclusion at Proximus and worldwide.

In 2023, we also launched an inspiring internal and external employer branding campaign with a focus on raising awareness about our relevant strategy and actions and strengthening Proximus’ position on diversity & inclusion. The campaign was an unprecedented success, with over 8,000 video views by our employees and millions of views on social networks.

We have continued to strengthen our partnership with Google, extending our #IamRemarkable community through the organization of new sessions all year long. The #IamRemarkable initiative centers around a 90-minute workshop empowering participants to openly discuss and enhance their personal and professional achievements, offering tools for skill development and encouraging them to challenge biases related to self-promotion.

We will continue to set up supportive networking groups so that everyone can feel a sense of belonging within our community.

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



Proximus Group also has a very diverse workforce in terms of culture with 70 nationalities.

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

Proximus wants to create conditions that allow its employees to reconcile various aspects of their professional and private lives with different phases of life by offering opportunities for internal job change and development opportunities, work-from-home, 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 project, experienced talents from some organizations can be made available to other organizations that are looking for specific experience and/or talent.

We offer support to employees who are 50 or older in their personal development by offering skill assessments through a personal scan, allowing them to evaluate and act on the results if desired. Furthermore, we regularly inform our 55+ employees about sustainable employability and provide those performing heavy work with options to accommodate their career goals.

Promoting a culture of inclusivity and respect in the workplace

Our superior ethical business practices are set out in the Code of Conduct. Through this document we want to enable conditions in which differences are recognized and respected, and where all employees are given equal opportunities. This document is applicable to every member of our diverse community and exemplified by all managers, team leaders and employees.

Working conditions

Proximus is committed to creating working conditions that promote fair employment practices 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 apply 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 that context.

Remuneration report

The remuneration policies of the Directors and of the Leadership Squad 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 Leadership Squad. A slightly adapted version of the Proximus Remuneration Policy has been approved during the General Meeting of Shareholders of Proximus on 19 April 2023 and is available on the corporate website of Proximus ([Remuneration policy | Proximus Group](#)).

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

1. Remuneration of the members of the Board of Directors

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

The principle of continuity with the past has been maintained. The remuneration adopted by the General Assembly of 2004 has remained applicable in 2023 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 with the exception of his mandate as Chairman of the Board of Directors of TeleSign US, as per American market practices.

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

The non-executive Directors are thus remunerated as follows:

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

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

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

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

The Chairman of the Board of Directors is also Chairman of the Joint Committee, the Pension Fund and Proximus ART. He is member of the Board of ConnectImmo, our immo-affiliate. He does not receive any fees for these mandates.

1.2. Remuneration granted to the members of the Board of Directors in 2022

The total amount of the remunerations granted in 2023 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 1,491,432.

Board of Directors	Transformation & Innovation Committee
meetings attendance rate	meetings attendance rate
14 94%	2 100%
Audit & Compliance Committee	Nomination & Remuneration Committee
meetings attendance rate	meetings attendance rate
6 97%	5 96%

Given the strong evolution of the international pillar of Proximus, the Board of Directors decided at its meeting of 19 December 2023 to create an International Committee as of 2024 with the purpose to ensure Board oversight on all international activities of the Group.

The overview of the individual gross amounts paid out to the Directors in 2023, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

Remuneration granted to the members of the Board of Directors in 2023

Directors	Annual fix compensation	Attendance fees ¹	Allowance ²	TOTAL 2023
Cécile Coune ³	17,603 €	57,500 €	1,403 €	76,505 €
Stefaan De Clerck	50,000 €	190,000 €	7,163 €	247,163 €
Guillaume Boutin	-	-	-	-
Karel De Gucht	25,000 €	77,500 €	2,000 €	104,500 €
Béatrice de Mahieu	25,000 €	75,000 €	2,000 €	102,000 €
Pierre Demuelenaere ⁴	7,466 €	22,500 €	592 €	30,558 €
Martin De Prycker	25,000 €	87,500 €	2,000 €	114,500 €
Audrey Hanard	25,000 €	55,000 €	2,000 €	82,000 €
Ibrahim Ouassari	25,000 €	75,000 €	2,000 €	102,000 €
Catherine Rutten	25,000 €	85,000 €	2,000 €	112,000 €
Joachim Sonne	25,000 €	85,000 €	2,000 €	112,000 €
Claire Tillekaerts	25,000 €	82,500 €	2,000 €	109,500 €
Agnès Touraine ⁵	22,877 €	55,000 €	1,830 €	79,707 €
Catherine Vandendorre	25,000 €	95,000 €	2,000 €	122,000 €
Luc Van den hove	25,000 €	70,000 €	2,000 €	97,000 €
TOTAL	347,945 €	1,112,500 €	30,987 €	1,491,432 €

1 Extraordinary remunerated Board meetings on 9 February, 13 March, 27 June, 13 July, 16 July and 8 December 2023

2 Annual fixed telecom allowance. For the Chairman, this amount also includes the benefit in kind related to the use of company car, which amounted to 3,163 € in 2023.

3 Appointed on 19 April 2023

4 Mandate ended on 19 April 2023

5 Resigned on 1st December 2023

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

Remuneration granted to the members of the Board of Directors over 5 years

Total 2019	Total 2020	Total 2021	Total 2022	TOTAL 2023
1.243.509 €	1.231.116 €	1.192.366 €	987.723 €	1.491.432 €
<i>year-over-year variance</i>	-1,0%	-3,1%	-17,2%	+51,0%

2. Global Rewards Program – general vision

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

To achieve our transformation, ambitions and objectives, and so ensure the long-term sustainability of our Group, we need qualified, talented and highly committed employees and managers, working in close cooperation, building resilience and promoting our culture and values. We indeed consider the promotion of our Think possible culture as key to realize our strategy. Think possible is first and foremost a mindset that makes us see opportunities everywhere. It is also a set of principles and behaviours that guide us in finding the best solutions for our customers.

It is therefore critical to have a competitive and market attractive Global Rewards Program for both the Leadership Squad members and all other members of the Top Management, as well as for the entire workforce. The competitiveness of our Global Rewards Program is regularly assessed by using the services of a human capital and employee benefits consulting company.

Our company has innovative, competitive and market attractive remuneration policies and practices that are regularly assessed and updated through close cooperation with universities, salary benchmark reports from specialized companies and external human resources fora. The practices used for the remuneration of our employees – wages and working conditions included – are based on the principles of non-discrimination and fairness and 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 our culture “Think Possible”;
- 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, offering them to live intuitive and meaningful experiences, to create a place of work where these talents can be the best version of themselves and to get them ready to win our company’s challenges of today and tomorrow;
- To combine the needs and responsibilities of employees and their families with those of the company and society at large.

Our company also maintains – and modernises – additional motivational instruments, such as work- life benefits (e.g. hospitalisation and homeworking facilities), social assistance and wellbeing initiatives offered to all employees, Leadership Squad members included.

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

3. Remuneration of the members of the Leadership Squad

3.1. Decision-making process

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

Competitiveness of the remuneration of the Leadership Squad

The remuneration policies and practices applicable to the Leadership Squad are aimed to reward the executives competitively and at rates that are attractive in the market, align the interests of management and shareholders and comply with the governance rules applicable in Belgium. Although the 2020 Belgian Corporate Governance Code recommends that the Board should set a minimum threshold of shares to be held by the members of the Leadership Squad, the company did decide in the past not to comply with this provision taking into account its specific shareholdership, having the Belgian State as majority shareholder. Nevertheless, in view of our Group’s increasing internationalization, our company is considering introducing share-based compensation in the future, which would also enable a better compliance with the Belgian Corporate Governance Code.

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

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

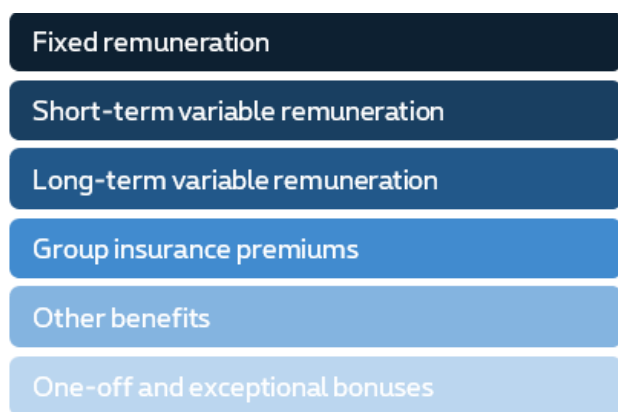
The market positioning of these remuneration packages is reviewed on a regular basis by benchmarking the remuneration of the members of our Leadership Squad against both the BEL 20 companies (financial sector excluded) and a set of peer companies in the European Telecommunications and ICT sector. This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

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 Leadership Squad included, with regard to the choice of the pay-out means of their variable compensation.

Unless otherwise stated, all the amounts mentioned in this report are gross amounts before employer's social contribution.

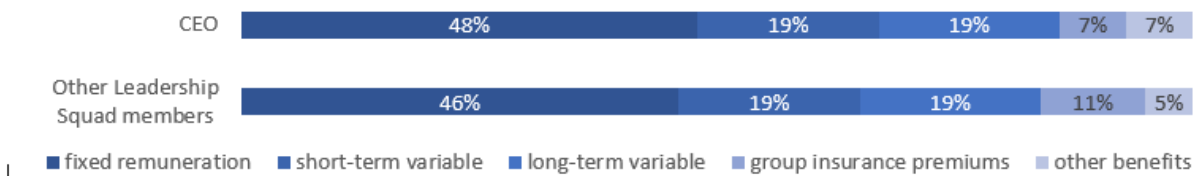
3.2. Remuneration structure of the Leadership Squad

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



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

Relative importance of the various components of the on-target remuneration before employer's social contribution (end 2023)



The CEO and the other members of the Leadership Squad do not receive any remuneration in the form of Proximus shares or Proximus stock options. But in view of our Group's increasing internationalization, our company is considering introducing share-based compensation in the future, which would also enable a better compliance with the Belgian Corporate Governance Code.

3.2.1.

Fixed remuneration

The fixed remuneration consists of a fixed salary earned by the CEO and by the other members of the Leadership Squad for the reported year in such respective roles. This remuneration is defined by the nature and the specificities of the function and by the level of individual skills and experience, considering market practices. This remuneration is allocated regardless of the results and is contractually subject to the consumer price index¹.

The fixed remuneration of the CEO is set by the Board of Directors at the beginning of his six-year mandate for the duration of his mandate. The fixed remuneration of the Leadership Squad members others than the CEO is regularly assessed by the Nomination & Remuneration Committee, based on an extensive review of 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 Leadership Squad 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.

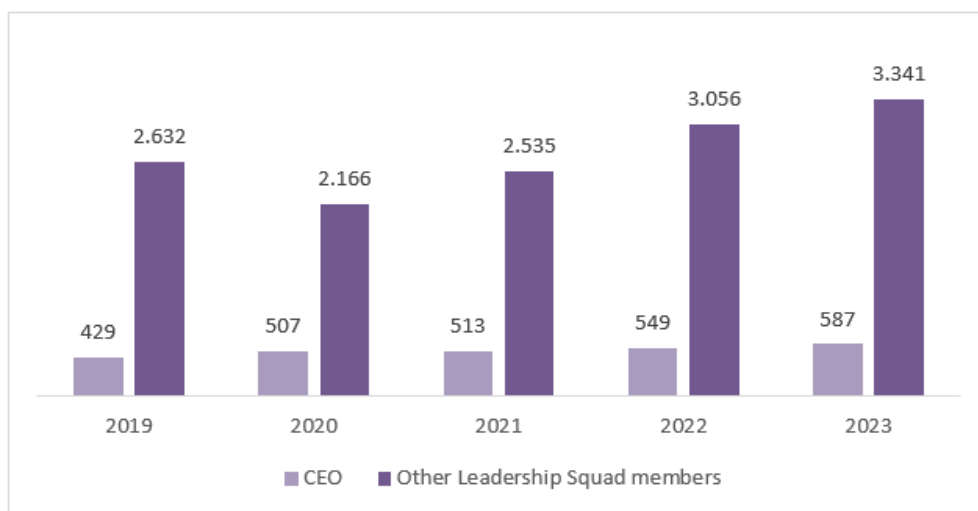
¹ in accordance with the rules laid down by the Law of 1 March 1977 organising a system of linking certain public sector expenditure to the State consumer price index, as amended by Royal Decree No 178 of 30 December 1982

Fixed remuneration in kEUR before employer's social contribution over 5 years

As for the CEO, the amounts reported for most of 2019 (385 kEUR) were paid to the former CEO, Mrs. Leroy, while one month in 2019 (44 kEUR) and the amounts reported since 2020 were paid to the current CEO, Mr. Boutin. The increase from 2022 to 2023 is due to the five indexes which had to be applied in 2022 and the two indexes in 2023. Indeed, Proximus follows the public sector indexation system. In practice, this means that as soon as the pivot index is exceeded, salaries are automatically increased by 2% two months after the index is exceeded.

As for the other members of the Leadership Squad, the increase from 2022 to 2023 is also mainly due to the five indexes of 2022 and the two indexes in 2023 but is also resulting from the changes in the composition of the Leadership Squad. Following the retirement of Mr. Dirk Lybaert in September 2023 (resulting in an early payment of vacation pay), a new member has joined the Leadership Squad in August 2023, Mr. Ben Appel.

Since 2022, fees are paid by TeleSign US to Guillaume Boutin for his mandate as Chairman of the Board of Directors of TeleSign US, amounting to 75,000 USD, as is common practice in the United States. These fees are not included in the fixed remuneration reported in this document, which focuses on the compensation items related to Proximus S.A.



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

3.2.2.

Short-term variable remuneration

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

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

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

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

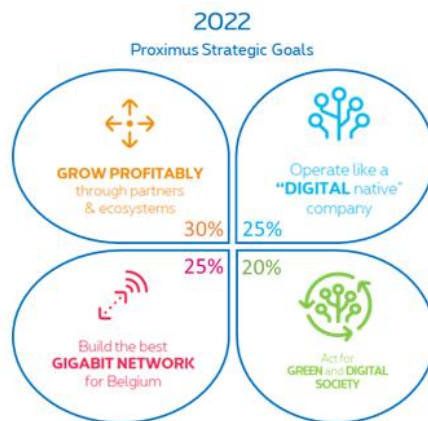
The Group results are therefore highly impacting (for 60%) the short-term variable remuneration of the members of the Leadership Squad, on top of the individual performance (for 40%), and this in line with our company values.

B. Group performance – Key Performance Indicators (KPIs)

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

The amounts of short-term variable remuneration mentioned in the current report are the ones paid out to the Leadership Squad members in the course of 2023 and are thus related to the results of the Group KPI's of the 2022 performance year.

The Remuneration Committee recommended the following set of Strategic Goals to the Board of Directors for the 2022 performance year.







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

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

The high ESG (Environmental, Social and Governance) ambitions of our Group are reflected in our STI KPI's. The chosen KPI's show our company's commitment to contribute to a more green, circular and safe society. In the 2022 framework, dedicated metrics on CO2 emissions reduction have been added. The weight of the ESG-related KPI's in the overall STI framework has increased from 15% in 2021 to 20% in 2022, in line with the increased importance of climate change and digital inclusion on the societal agenda.

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

Strategic Goal 2022	KPI nature	STI KPI 2022	Weight	KPI Definition
Sustainable Growth 	Financial	EBITDA	15%	Underlying EBITDA generated by the business domestic operations.
	Mixed	Net Acquisition Value	10%	Annualized value generated/destroyed by gains and losses of customers in the mass- and professional markets.
	Financial	Indirect OPEX	5%	Indirect OPEX spent in the observed year. Defined as the Total domestic OPEX minus the Direct domestic OPEX.
Digital company 	Non-Financial	NPS	5%	Net Promoter Score, computed as the weighted average of NPS results per customer segment.
	Non-Financial	Customer Excellence	10%	This KPI consists of 3 sub-KPI's. They only relate to the Proximus brand, excluding Scarlet and Mobile Vikings. <ol style="list-style-type: none"> Customer Effort Score Fiber (incl. migrations from copper to fiber and new fiber customers). Customer Effort Score Technical Assistance. Contact Centre Volumes (calls, mails, chats): the increasing volume of digital-first interactions is expected to deflate Contact Centre Volumes and to have a positive impact on customer experience.
	Non-Financial	Digital Company	10%	This KPI consists of 4 sub-KPI's: <ol style="list-style-type: none"> E-share of Sales: digital penetration of our sales volumes. MyProximus Usage: monthly number of users of the MyProximus App. Pickx Usage: monthly number of Proximus Pickx users (App + Web). Major Incidents: number of major IT/Telco incidents occurred in Proximus networks.
Gigabit network 	Non-Financial	Fiber Construction	10%	Deployment of our new Fiber network: incremental number of Fiber Homes Passed realised in the observed year. Including deployment from Proximus itself and its Joint Ventures partners.
	Non-Financial	Fiber Filling Rate	10%	Ratio between the Park of Activate Fiber Homes and the Park of Homes Passed that are eligible for Fiber Activation.
	Non-Financial	5G Deployment	5%	Growth of new vendor Nokia 5G macro sites park realised in the observed year.
Green & Digital Society 	Non-Financial	Green	5%	This KPI consists of 2 sub-KPI's: <ol style="list-style-type: none"> CO2 Emissions: Direct and Up- & Downstream CO2 emissions related to Proximus' business activities. Returned devices: number of mobile and fixed devices collected for refurbishment or recycling.
	Non-Financial	Digital Society	5%	This KPI consists of 2 sub-KPI's: <ol style="list-style-type: none"> Cyber Security Resilience: a measure of our business resilience against cyber security threats/attacks. Fiber Connectable High School Sites: Percentage of High School sites connected or connectable within 12 months to the Proximus fiber network in Belgium.
	Non-Financial	Employees	10%	Measure of our employees' engagement, agility, empowerment, accountability and strategic alignment with respect to our company.
Total			100%	

Measuring methodology: we all go the extra smile!

For each performance indicator, an end-of-year target has been defined, as well as a pay-out interval with a minimum (Min) and a maximum (Max) threshold. The targets and thresholds have been defined in such a way that they stimulate the teams to go the extra (s)mile whilst remaining realistic and achievable. For a KPI that meets its end-of-year target, the short-term variable remuneration pay-out (“Multiplier”) is at 100% of its target level. In case of overperformance versus target at year end, the Multiplier linearly grows to a maximum of 200% beyond which it is capped, whilst it linearly decreases to 0% in case of underperformance versus target at year end.

The EBITDA and the Indirect OPEX are determined based on audited financial figures, adjusted to obtain underlying financial figures after exclusion of incidentals. Non-financial and mixed indicators are measured by internal experts and external agencies specialized in market and customer intelligence.

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

C. Individual performance

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

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

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

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

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

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

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

D. Short-term variable remuneration allocation

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

2022 performance year	Objectives of the Short-term variable remuneration		weight
CEO and other members of the Leadership Squad	Group KPI	Sustainable Growth	18%
		Digital company	15%
		Gigabit network	15%
		Green & Digital Society	12%
	Personal objectives	40%	
	Total target		100%

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

The Board of Directors ensures that the amount allocated for individual performance is consistent with the company's performance. However, since 2023 (performance year 2022), there is no longer an overall ceiling directly linked to the Group KPI results for the total individual short-term variable remuneration allocated to the Leadership Squad members others than the CEO. Allocations are made individually on the basis of actual performance against individual targets, which is more in line with market practice for this level of responsibility.

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

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

In 2023, a short-term variable remuneration has been allocated to the CEO for a total amount of gross EUR 301,633. The increase noticed in 2023 is mainly due to the indexation applied on the fixed remuneration in 2022. The amounts reported for 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 included the amount paid to the current CEO, Mr. Boutin (EUR 18,833 gross) but also included the amount (EUR 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019.

The total short-term variable remuneration effectively allocated in 2023 to the other members of the Leadership Squad (2022 performance year) amounts to gross EUR 1,756,326. As for the CEO, the increase noticed in 2023 is mainly due to the indexation applied on the fixed remuneration in 2022 but is also resulting from the changes in the composition of the Leadership Squad in 2021 (the short-term variable remuneration effectively paid in 2022 was not related to a full performance year for two members) and from the fact that there is no longer an overall ceiling directly linked to the Group KPI results for the total individual short-term variable remuneration (as explained above). The other 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 Leadership Squad, including possible hiring bonuses, and from (iii) the exceptional bonus paid in 2020 to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. The reported amount for 2020 also included the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Leadership Squad (before his nomination as CEO).



3.2.3.

Long-term variable remuneration

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

Our company wants to encourage its Leadership Squad, as well as the other members of its top management, to generate sustainable and profitable performance and growth over the long term, in line with our strategy at Group level, our societal ambitions and the expectations of our shareholders and all our other stakeholders.

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

B. Long-term variable remuneration allocation

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

The long-term variable remuneration is allocated to the members of the Leadership Squad by the Board of Directors upon recommendations made by the Nomination & Remuneration Committee. The long-term incentives plan currently in place is a long-term Performance Value Plan, which has been adopted by our company in 2013 and has been reviewed in 2019, 2022 and 2023.

C. Long-term Performance Value Plan

The long-term incentive plan offered by our company to its executives is currently set up as a Performance Value Plan. Under this Performance Value Plan, targets are defined and fixed for the next 3 years and as a result, the awards granted are blocked for a period of 3 years. The amount actually paid after vesting, will depend on a final multiplier as described below.

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

Leadership Squad members who would put an end to their employment relationship with our company before the end of the blocking period would lose the awards granted. This rule also applies in case the company puts an end to an employment relationship for serious cause on the part of a member of the Leadership Squad.

D. Long-term Incentive Key Performance Indicators

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

We keep the future in mind



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

Therefore, in 2023, 4 KPI's have been defined which enhance the sense of long-term and sustainable business vision among Proximus Group's senior management and support Proximus in delivering sustainable Free Cash Flow and improving our brand perception and reputation:



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



The KPI's have been given different weights in the overall Long-term Performance Value Plan framework, in line with their relative importance in terms of long-term sustainability of the Group. The weight of each KPI has been reviewed with the introduction of the ESG KPI as 4th KPI. A detailed definition for each of the KPI's, as well as their weight factors, can be found in the following table.

LTI KPI	Weight	KPI Definition and Measurement
 Total Shareholder Return	25% ²	<p>This criterium reflects Proximus' long-term competitiveness on the European telecom market by measuring its position against a representative basket of comparable European companies with respect to their Total Shareholder Return. The Total Shareholder Return being defined as the combination of share price appreciation and the dividends paid to show the total return to the shareholder. Current basket of European companies is the following: Deutsche Telekom, Orange, KPN, BT, Swisscom, Telefonica, Telecom Italia, Telenor, TeliaSonera and OTE. This KPI is measured annually, per calendar year, and the annual result is expressed as a percentage between 0 and 175, depending on the ranking of Proximus within the peer group.</p>
 Group Free Cash Flow	25% ²	<p>The Group Free Cash Flow KPI will measure Proximus' healthy financial evolution over the years. Group Free Cash Flow targets are defined by Proximus' Board of Directors in line with the 3-year plan. This KPI is assessed annually against the objectives set and the annual result is expressed as a percentage between 0 and 175.</p>

² 40% for the Tranche 2020 and 2021, 25% as from the Tranche 2022

<p>Proximus' Reputation</p> 	<p>25%³</p>	<p>The Reputation Index is a holistic, measurable and actionable KPI enabling Proximus to fully integrate the concept of reputation into its long-term strategy. It measures the perception about “the company behind the brand” among a representative sample of the general public, (co-) responsible for telecom decisions in their household. A third-party company reports the annual results which are expressed as a percentage between 0 and 175.</p>
<p>ESG KPI</p> 	<p>25%</p>	<p>This ESG KPI reflects the high ambitions of Proximus to evolve towards a more sustainable society. The KPI currently covers the companywide CO2 emissions reduction as well as a gender balance metric, but additional ESG metrics could be considered to enrich the ESG KPI, in line with Proximus societal ambitions, strategy and sustainability on the long term.</p>

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

Each year, an annual result is calculated on the basis of the weighted average of the 4 above-mentioned performance criteria. After the blocking period of 3 years, the Performance Values vest and the Performance Values are then paid to the beneficiaries according to the final multiplier, being the average of the three yearly multipliers.

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

³ 20% for the Tranche 2020 and 2021, 25% as from the Tranche 2022

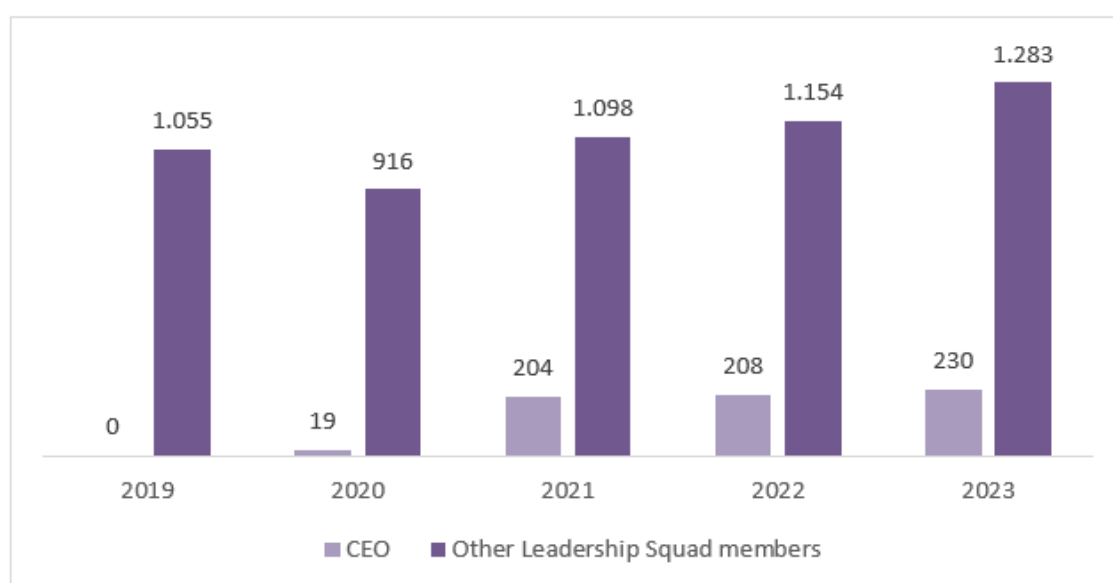
The payment of the Performance Values is made through a cash bonus.

Long-term variable remuneration granted in kEUR before employer's social contribution over 5 years.

Given Mr. Boutin started his CEO mandate in December 2019, only the long-term variable remuneration allocated to him in the course of 2020 for one month performance in his CEO role is included in the reported granted amount for 2020. Since 2021, the amount allocated refers to full-year performances. The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration. In 2023, a long-term variable remuneration has been granted to the CEO for a total amount of gross EUR 229,903, which will vest in May 2026, therefore cannot be paid before May 2026.

The total long-term variable remuneration effectively granted to the members of the Leadership Squad others than the CEO was amounting to gross EUR 1,154,000 in 2022 and to gross EUR 1,282,784 in 2023.

The year-to-year variations for the CEO and the other members of the Leadership Squad are mainly resulting from the indexation applied on the fixed remuneration in 2022.



The CEO and the other members of the Leadership Squad did not receive any Proximus shares nor Proximus stock options over the last 5 years. But in view of our Group's increasing internationalization, our company is considering introducing share-based compensation in the future, which would also enable a better compliance with the Belgian Corporate Governance Code.

3.2.4.

Group insurance premiums

A. Complementary pension

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

Formula for complementary pension of the CEO = 10% * W
W = reference salary = monthly salary multiplied by 12

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

Formula for complementary pension of the other members of the Leadership Squad
= N/60 * W - N/45 * ELP

N = number of service years expressed in months and years

W = reference salary = monthly salary multiplied by 12

ELP = Estimated Legal Pension = the legal pension ceiling

B. Other group insurances

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

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

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

C. Average premiums cost for the company

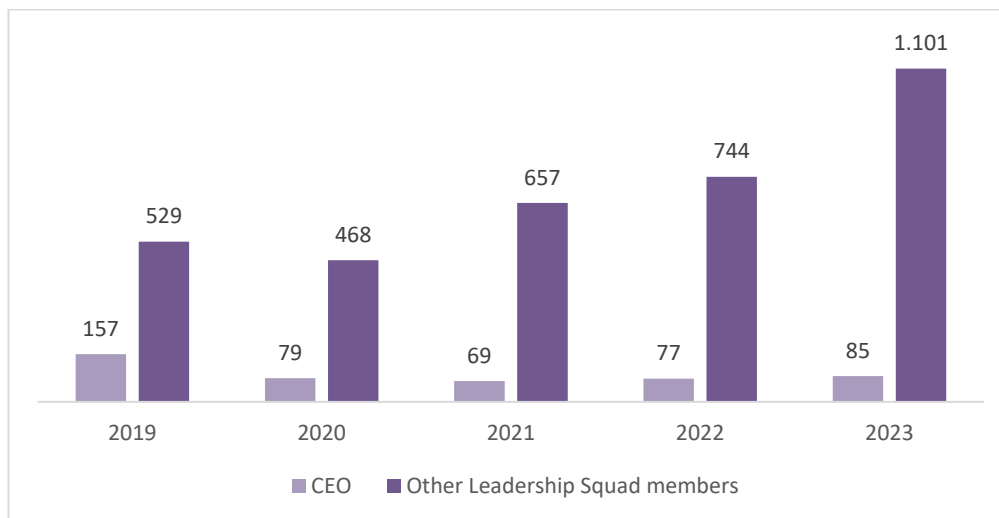
The average premiums paid by our company for the group insurances of the CEO in 2023 is estimated to 15% of his fixed remuneration.

As for the other members of the Leadership Squad, the average premiums paid by our company for their group insurances in 2023 amounted to about 25% of their fixed remuneration if we do not consider the exceptional payment which had to be made in September 2023 upon retirement of Mr. Dirk Lybaert (cfr the note hereafter mentioned).

Group insurance premiums in kEUR before employer's taxes over 5 years

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

The year-to-year variations for the other members of the Leadership Squad are mainly resulting from the changes in the composition of the Leadership Squad. The increase noticed in 2023 is mainly due to a very specific situation: even though Mr Lybaert retired in September 2023 after a full career, he retired before the age stipulated in the general contract signed with our insurer, implying an additional payment (266 k€) by the company in his complementary pension plan. The increase noticed in 2023 is also the consequence of the multiple indexes of 2022 and 2023.



3.2.5.

Other benefits

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

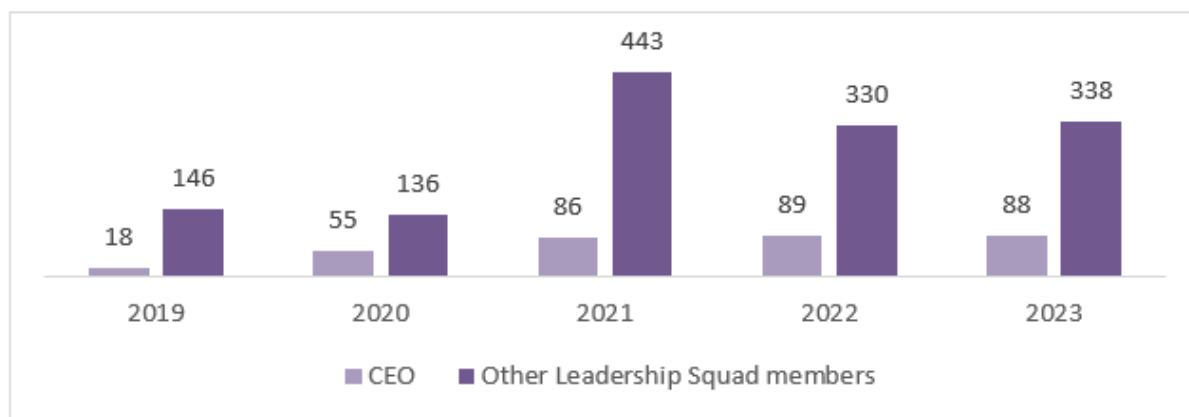
Where feasible, our portfolio of benefits and advantages is tailored and updated in line with our company's ambition to act for a green and digital society. For instance, our mobility program is now focused on clear objectives of a greener fleet and of a wide offer of green alternatives to car use for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

Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages. The ratio versus the fix remuneration can therefore significantly evolve from a year to another. For 2023, this ratio is estimated to 15% for the CEO and to 19% for the other members of the Leadership Squad.

Other benefits in kEUR before employer taxes over 5 years

The amounts reported for the CEO for 2019 were paid to the former CEO, Mrs. Leroy. The amounts reported since 2020 were paid to the current CEO, Mr. Boutin. The increase since 2020 is mainly due to specific advantages related to the foreign executive status of current CEO.

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



3.2.6.

One-off and exceptional bonuses

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

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

At Leadership Squad level, offering a hiring bonus is common practice in order to attract talented people and convince them to join us. In the "war for talent", hiring bonuses are increasingly common on the market, and are becoming part of employment contracts. In addition to their attraction function, exceptional one-shot variable remuneration is also often granted as financial compensation for the potential loss of variable remuneration (short- and long-term) when the related people resign from their current job.

If granted, such bonuses are reported together with the variable remuneration and are included in the total variable remuneration allocated to the other Leadership Squad members at the time these possible exceptional bonuses are earned. Consequently, if contractual promises for the future exist at the time of publication of this report, they will only be taken into account at the time these will be earned.

3.3. Recovery of undue variable remuneration

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

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

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

3.4. Main provisions of the contractual relationships

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

3.4.1. Contractual arrangement with the CEO

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

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

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

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

3.4.2. Main contractual terms of the other Leadership Squad members

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

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

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

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

3.5. General overview

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

Remuneration overview of the CEO

Please note that for 2020, the current CEO, Guillaume Boutin, received 1/12 of the short- (18,833 € gross) and long-term variable remuneration (18,833 € gross). Since 2021, he is entitled to 12 months short- and long-term variable remuneration (in 2023, respectively 301,633 € gross STI and 229,903 € gross LTI).

CEO	2019	2020	2021	2022	2023
Fixed remuneration	429.498 € 52%	507.492 € 45%	512.537 € 45%	549.015 € 46%	587.226 € 45%
Short-term variable remuneration	215.661 € 26%	458.833 € 41%	265.614 € 23%	276.019 € 23%	301.633 € 23%
Long-Term variable remuneration	0 € 0%	18.833 € 2%	203.996 € 18%	208.073 € 17%	229.903 € 18%
Group insurance premiums	157.433 € 19%	78.550 € 7%	69.007 € 6%	76.962 € 6%	85.470 € 7%
Other benefits	17.619 € 2%	55.083 € 5%	86.402 € 8%	88.660 € 7%	87.823 € 7%
SUBTOTAL (excl. employer's social contribution)	820.211 €	1.118.791 €	1.137.556 €	1.198.729 €	1.292.055 €
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
TOTAL (excl. employer's social contribution)	820.211 €	1.118.791 €	1.137.556 €	1.198.729 €	1.292.055 €

All amounts 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 since 2020 of the Other benefits is mainly due to specific advantages related to the foreign executive status of current CEO. The increase in fixed remuneration in 2022 and 2023 is due to the multiple indexes which had to be applied in 2022 (five) and in 2023 (two). The reported fixed remuneration of 2023 does not include the fees paid by TeleSign US for his Chairman mandate (amounting to 75,000 USD).

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

Remuneration overview of the other members of the Leadership Squad

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

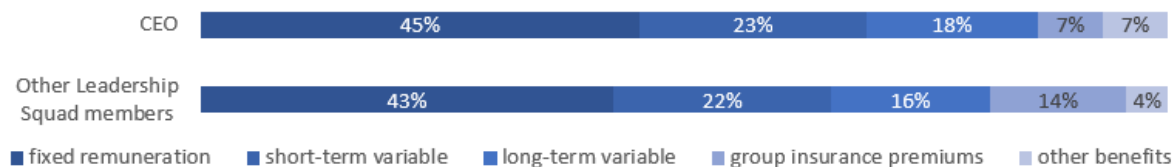
Other members of the Leadership Squad	2019	2020	2021	2022	2023
Fixed remuneration	2.632.038 € 48%	2.166.045 € 39%	2.534.773 € 43%	3.055.941 € 46%	3.340.675 € 43%
Short-term variable remuneration	1.070.733 € 20%	1.807.390 € 33%	1.123.605 € 19%	1.402.844 € 21%	1.756.326 € 22%
Long-Term variable remuneration	1.055.000 € 19%	916.375 € 17%	1.097.703 € 19%	1.154.000 € 17%	1.282.784 € 16%
Group insurance premiums	529.369 € 10%	468.275 € 9%	657.319 € 11%	743.750 € 11%	1.101.269 € 14%
Other benefits	145.588 € 3%	135.648 € 2%	442.935 € 8%	329.817 € 5%	337.828 € 4%
SUBTOTAL (excl. employer's social contribution)	5.432.728 €	5.493.733 €	5.856.335 €	6.686.352 €	7.818.882 €
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
TOTAL (excl. employer's social contribution)	5.432.728 €	5.493.733 €	5.856.335 €	6.686.352 €	7.818.882 €

The increase of fixed remuneration in 2022 and 2023 is mainly due to the multiple indexes which had to be applied in 2022 (five) and in 2023 (two) but is also resulting from the changes in the composition of the Leadership Squad. Following the retirement of Mr. Dirk Lybaert in September 2023 (resulting in an early payment of vacation pay), a new member has joined the Leadership Squad in August 2023, Mr. Ben Appel. The amount reported in 2023 for the Group insurance premiums includes the additional payment made by our company upon retirement of Mr. Lybaert due to his specific situation. The increase since 2021 of the Other benefits is mainly due to specific advantages related to the foreign executive status of several members and the recruitment of two of them).

The roles acted ad interim as CEO or as other member of the Leadership Squad 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 2023 before employer's social contribution



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

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

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

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

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

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

4.1. Pay ratio and pay evolution

The Pay ratio portraying the gap between highest and lowest paid remuneration in the company (Proximus S.A.) on a full-time basis is equal to 29,1 in 2023. This ratio is measured by comparing the highest (the CEO one) and lowest remuneration⁴, taking into account the total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions. Taking the fees paid by TeleSign US to the CEO for his Chairman mandate into consideration would bring this ratio to 30,7.

⁴ Defined-duration contracts have been excluded from the scope due to the difficulty in accurately calculating the annual remuneration package for such contracts. It is however important to note that these contracts adhere to the same remuneration policy as the undefined-duration contracts, represent a minority among our workforce and are not in the lowest pay range, what ensures consistency and integrity in the ratio calculation.

Considering the scope of our organization, where everyone has a role to play but with very different levels of strategic responsibility, such a ratio is consistent and below market practices.

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 Leadership Squad) between 2019 and 2023.

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

	2019	2020	2021	2022	2023
Average remuneration *	81.802 €	86.677 €	87.400 €	93.471€	96.833€
Year-over-year evolution		+6%	+1%	+7 %	+4%

* 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 (Leadership Squad excluded) of Proximus SA at the closing date of the period (for 2019, 2020, 2021 and 2022) and with the average number of full time equivalents employees (Leadership Squad excluded) of Proximus SA of the involved year (for 2023).

The year-over-year evolution (2023 vs 2022) of the CEO total target remuneration and the average remuneration of the company's employees is + 4%. This increase is due to the two indexes which had to be applied in 2023.

The Pay ratio portraying the gap between the CEO's remuneration and the average remuneration of the company's employees is equal to 13 in 2023. This ratio is measured by comparing the total target remuneration package (including base pay, premiums, variable pay, group insurances, benefits and employer's social contributions) of the CEO with the average remuneration of the company's employees. Taking the fees paid by TeleSign US to the CEO for his Chairman mandate into consideration would bring this ratio to 13,7.

The Pay ratio portraying the gap between the CEO's remuneration and the median remuneration⁵ of the company's employees is equal to 14,9 in 2023. This ratio is measured by comparing the CEO and median remuneration, taking into account the total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions. Taking the fees paid by TeleSign US to the CEO for his Chairman mandate into consideration would bring this ratio to 15,7.

⁵ Defined-duration contracts have been excluded from the scope due to the difficulty in accurately calculating the annual remuneration package for such contracts. It is however important to note that these contracts adhere to the same remuneration policy as the undefined-duration contracts, represent a minority among our workforce and are not in the lowest pay range, what ensures consistency and integrity in the ratio calculation.

Evolution of the pay ratios over the last 3 years

	2021	2022	2023
Pay ratio CEO Vs lowest remuneration	27,3	27,9	29,1
Pay ratio CEO Vs average remuneration	12,6	12,9	13,0
Pay ratio CEO Vs median remuneration	16,0	14,9	14,9

4.2. Company performance

Below table shows the company's performance between 2019 and 2023.

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

(EUR million)	Underlying revenue		Underlying EBITDA	
2023	6.042	+2,2%	1.757	-1,6%
2022	5.909	+5,9%	1.786	+0,8%
2021	5.578	+1,8%	1.772	-3,5%
2020	5.479	-3,6%	1.836	-1,8%
2019	5.686		1.870	

For more information, please see the Proximus Financial Report.

5. Application of the Remuneration Policy and votes on previous Remuneration Report

5.1. Application of the Remuneration Policy and derogations

Proximus undertakes to remunerate the members of the Board of Directors, the CEO and the other members of the Leadership Squad only in accordance with its Remuneration Policy, approved by the General Meeting of Shareholders of Proximus for the first time on 21 April 2021 and slightly adapted in 2023.

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

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

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

5.2. Shareholders votes on previous Remuneration Report

A slightly adapted version of the Remuneration Policy document detailing the general principles governing our company remuneration policy applicable to the members of its Board of Directors and its Leadership Squad has been submitted to the votes of our shareholders at the General Assembly of April 19, 2023. The shareholders have shown their support and confidence in our Remuneration Policy by a substantial majority (85.4%), which strengthens the choices we have made in this domain for the future.

The Remuneration Report of 2022, also submitted to the votes of our shareholders at the General Assembly of April 19, 2023, has been approved by 83.8%. This excellent result reinforces our beliefs that we are right to adopt an open and transparent dialogue with our shareholders on remuneration matters and governance in general. Since the 2022 report, we have adopted even more transparency and gone even further in the preparation and level of details of the disclosed information, as the opinion and trust of our shareholders are essential to us.

Position of conflicting interest

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

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mr Guillaume Boutin, declared during the Board of Directors of 16 February 2023 to have a conflict of interest in connection with his performance evaluation for 2022, item on the agenda of that Board meeting.

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

“CEO: Performance Year 2022: Short & Long-Term Variable Pay

In accordance with article 7:96 of the Code of Companies and Associations, the CEO, Mr Guillaume Boutin, informs the Board and the external auditor having a conflict of interest in connection with his performance evaluation for 2022. The Board takes note of this conflict of interest and will include the necessary statement in the management report of Proximus relating to the year 2023.

The CEO leaves the meeting as well as the CFO.

Upon the Committee’s recommendation, the Board decides to grant:

G. Boutin’s target Short & Long-Term Variable Pay (STI & LTI) are both amounting to 40% of his annual base pay.

For Performance year 2022, the Group KPI result is at 102%.

STI

Group 60%	Individual 40%	Total
140,701 €	160,932 €	301,633 €

LTI

Long Term Variable Remuneration
229,903 €

The Long-Term Variable Pay will be granted to G. Boutin in 2023 through Performance Values which will vest on May 1st, 2026 and will be paid out in May 2026 according to the result of the performance criteria.

This closes the conflict of interest.”

Mandates exercised in companies in which Proximus participates

The mandates exercised by members of the Leadership Squad and employees of Proximus within companies, groups and organisations in which Proximus participates or to which it contributes to the functioning, are not remunerated, with the exception of the fees paid by TeleSign Corporation to the CEO for his chairman mandate (75,000 USD).

Participations	Members on 31/12/2023
PROXIMUS OPAL SA	K. Van Parys D. Lybaert
BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) SA	G. Boutin B. Appel M. Reid J. Van Acoleyen
TORINO HOLDING CORP.	B. Appel M. Reid C. Van de Weyer J. Van Acoleyen
TELESIGN HOLDING Inc.	B. Appel M. Reid J. Van Acoleyen
TELESIGN CORPORATION	G. Boutin B. Appel M. Reid J. Van Acoleyen
TELESIGN BELGIUM SRL	T. Dhondt C. Van de Weyer K. Winderickx
PROXIMUS DOO BELGRADE	K. Winderickx J. Veldeman
CONNECTIMMO SA	P. Delcoigne S. De Clerck K. Depoorter N. Gaertner
PROXIMUS LUXEMBOURG SA	J. Castele C. Deltenre M. Gatta V. Licoppe M. Lindemans A-S. Lotgering R. Peeters R. Tilmans V. Vermeire
PROXIMUS LUXEMBOURG INFRASTRUCTURE SRL	O. Blampain
TELINDUS-ISIT BV	C. Crous T. Defraire R. Peeters P. Van Der Perren
PROXIMUS MEDIA HOUSE (PmH) SA	J. Castele

BELGIAN MOBILE ID SA	A-S. Lotgering
PXS RE SA	B. Defieuw
BE-MOBILE SA	J. Castele J. Manssens J. Van Acoleyen
CASCADOR SRL	D. Lybaert (permanent representative of Proximus Opal S.A.)
PROXIMUS ICT SA	G. Kelchtermans M. Lindemans A-S. Lotgering
CLEARMEDIA SA	L. Dries G. Kelchtermans S. Huijbrechts R. Peeters
DAVINSI LABS SA	C. Crous R. Peeters P. Van Der Perren
CODIT HOLDING SRL	C. Crous R. Peeters P. Van Der Perren
TESSARES SA	W. Bouckenoooghe
MOBILE VIKINGS SA	J. Castele D. Van Eynde
MWINGZ SRL	B. Appel M. Reid J. Van Acoleyen
Aug-e SA (previously i.LECO)	A. Lorette T. Naveau
ADS & DATA SA	B. Vandermeulen
UNIFIBER MIDCO SA	G. Standaert C. Schoorman
FIBERKLAAR MIDCO SRL	G. Standaert R. Tilmans G. Guévar K. Winderickx
DOKTR SRL	E. Bombeek T. Hernalsteen J. Manssens

PROXIMUS ADA SRL	B. Aegden J-L. Clarot F. Clément S. Cox A. Mastroianni F. Michaux F. Weber Y. Saiyid
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The other exception to the non-remunerated mandates of management in companies in which Proximus participates, is hereby disclosed in accordance with the article 4 of the law of 3 September 2017 regarding a.o. the non-financial information. The remunerated board mandates exercised by non-Proximus employees are the following:

- Annual Remuneration of Mrs. Françoise Roels as board member of Proximus media House SA: 12,000 EUR.
- Annual Remuneration of Mr. Philip Taillieu as board member of Be-Mobile SA: 15,000 EUR..

Miscellaneous

Branches

Proximus SA has no branches.

Use of financial instruments

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

Proximus manages its exposure to changes in interest rates and its overall cost of financing by occasionally using interest rate swaps (IRS) as well as interest rate and currency swaps (IRCS). These financial instruments are used to transform the interest rate exposure from a fixed to a floating interest rate or vice versa. Next to that, Proximus also makes use of forward starting interest rate swaps to hedge its exposure to the variability of long-term interest rates.

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

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

Members of the Joint Auditors

The mandate of Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL, Gateway Building, Luchthaven Brussel Nationaal 1J, 1930 Zaventem, represented by Mr. Koen Neijens and of Luc Callaert BV/SRL, Zwaluwstraat 117, 1840 Londerzeel, represented by Mr. Luc Callaert, for the statutory audit mandate of Proximus S.A. will expire at the Annual General Meeting of 2028.

Mr. Jan Debucquoy has been appointed on 3 February 2021 and Mr. Dominique Guide has been appointed on 22 April 2021.

Auditor responsible for certifications of the consolidated accounts of Proximus Group

The mandate of Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL represented by Mr. Koen Neijens and Luc Callaert BV/SRL represented by Mr. Luc Callaert for the consolidated audit mandate of Proximus S.A. of public law will expire at the annual general meeting of 2025.

In conclusion

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

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mr. Joachim Sonne as candidate independent member of the Board of Directors which corresponds with a renewal of his mandate until the annual general meeting of 2028.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mr. Luc Van den hove as candidate independent member of the Board of Directors which corresponds with a renewal of his mandate until the annual general meeting of 2028.

On recommendation of the Nomination and Remuneration Committee, on behalf of the Belgian State, we nominate in accordance with article 18 §3 of Proximus' bylaws, Mr. Guillaume Boutin as candidate member of the Board of Directors which corresponds with a renewal of his mandate until the annual general meeting of 2028.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mrs. Caroline Basyn as candidate independent member of the Board of Directors for a period expiring on the date of the annual general meeting of 2028.

On recommendation of the Audit & Compliance Committee, we propose to appoint Deloitte Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL, represented by Mr. Koen Neijens, for the "assurance" of the CSRD sustainability report, for a period of 1 year.

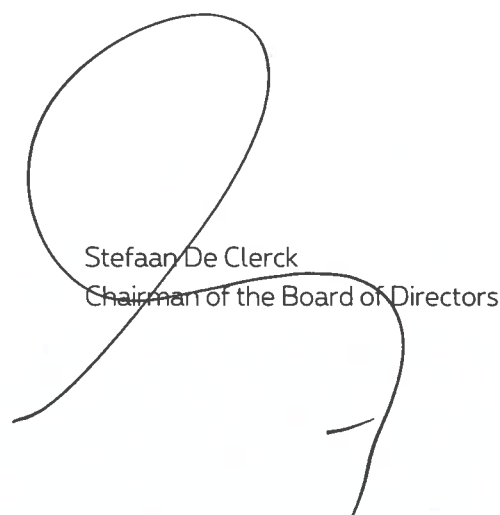
Yours truly,

On behalf of the Board of Directors,

Brussels, 22 February 2024.



Guillaume Boutin
Chief Executive Officer



Stefaan De Clerck
Chairman of the Board of Directors