

## **PROXIMUS SA under public law**

### **AUDIT AND COMPLIANCE COMMITTEE CHARTER**

#### **Status**

The Audit and Compliance Committee is an advisory committee of the Board of Directors except where decision-making powers have been specifically delegated to it by the Board of Directors or by article 7:99 of the Belgian Companies and Associations Code.

The present Audit and Compliance Committee Charter has been adopted by the Board of Directors in accordance with Article 25 of the Articles of Association, and may only be modified by a decision of the Board of Directors taken with a simple majority of its members present or represented. However, amendments to key principles, such as the composition and the core tasks of the Audit and Compliance Committee, should be prepared in consultation with the Audit and Compliance Committee and should have broad support within the Board of Directors.

#### **Membership**

The Audit and Compliance Committee shall consist of minimum three and maximum five directors, with at all times a majority of independent Directors.

The members are appointed by the Board of Directors, after consultation with the Nomination and Remuneration Committee, for a renewable term of, in principle, three years. The Board of Directors will, however, ensure a degree of continuity in the Audit and Compliance Committee by adhering to a policy of partial changeover, and may to that effect appoint some members for a shorter or longer period of time. Members of the Committee may be removed prior to the expiration of their term by the Board of Directors.

All members of the Audit and Compliance Committee must be non-executive directors.

The Chairperson of the Audit and Compliance Committee must be an independent director with international experience in accountancy, audit and compliance matters. He/she is appointed by the Board of Directors.

All members of the Audit and Compliance Committee must be financially literate or must commit to become financially literate within a short period of time after their appointment.

Additional compensation equal to EUR 2,500 for each meeting of the Committee they attend will be paid to directors serving on the Audit and Compliance Committee in consideration for the additional commitment and workload involved in committee duty. The Chairperson is entitled to a fee of EUR 5,000 per meeting.

Minutes of the meetings will be kept by the Secretary General.

#### **Role**

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

- (i) the financial reporting process;
- (ii) efficiency of the systems for internal control and risk management of the company;
- (iii) the Company's internal audit function and its efficiency;
- (iv) the quality, integrity and legal control of the statutory and the consolidated annual accounts and the financial and non-financial statements of the Company, including the follow up of questions and recommendations made by the auditors;
- (v) the relationship with the Company's auditors and the assessment and monitoring of the independence of the auditors;

- (vi) the Company's compliance with legal and regulatory requirements; and
- (vii) compliance within the Company with the Company's Code of Conduct and the Dealing Code.

### **Duties and responsibilities**

In furtherance of its role, the Audit and Compliance Committee has the following duties and responsibilities:

#### ***I. With respect to financial reporting:***

1. Review the Company's accounting policies and practices as well as any material changes thereto; review compliance with applicable accounting standards.
2. Review with management and the auditors at the completion of the annual audit:
  - the Company's statutory and consolidated annual accounts;
  - management's annual report;
  - the findings of the audit of the statutory and consolidated annual accounts and the auditors' report thereon;
  - any significant adjustments arising from the audit;
  - any significant changes required to the audit plan;
  - any serious difficulties or disputes with management encountered during the course of the audit; and
  - any other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards (including, without limitation, off balance sheet transactions, significant changes in reserves).
3. Review, upon request or whenever it deems necessary, other published documents and consider whether the information contained in these is consistent with the information contained in the annual statutory and/or consolidated financial statements before their submission to the Board.
4. Review with management and the auditors any interim financial statements, and any financial communication or releases to the shareholders, analysts and/or the general public.

#### ***II. With respect to the auditors:***

1. Review the appointment and dismissal of the auditors (as meant by article 25, §3, fourth paragraph of the Law of 21 March 1991) to be appointed and dismissed by the Company; review engagement terms and conditions (including fees) of the auditors (as meant by article 25, §1 of the Law of 21 March 1991); review any issues raised by auditor resignation.
2. Oversee the work of the auditors (as meant by article 25, §1 of the Law of 21 March 1991).
3. Review and monitor the independence of the auditors; review and, if need be, decide upon proposed non-audit services to be provided by any of the auditors and related fees.

#### ***III. With respect to internal audit:***

1. Decide, after consultation with the Chief Executive Officer, on appointment, replacement and dismissal of the Head of Internal Audit.
2. Periodically review scope, authority and functioning of the internal audit function as laid down in the Internal Audit Charter; decide changes to the Internal Audit Charter.
3. Review with the Head of Internal Audit, and propose remedies as appropriate regarding:
  - significant findings during the year and management's responses thereto
  - any difficulties encountered in the course of the internal audits, including any restrictions on the scope of their work or access to required information;
  - any changes required in the scope of their audit plan, budget, and staffing.

Discuss these matters with management as appropriate.

**IV. With respect to the audit plan:**

1. Review the respective scopes of work and audit plans of the internal and external auditors; ensure co-ordination of audit efforts to ensure completeness of coverage, and avoid duplication of efforts.
2. Review with the auditors and the Head of Internal Audit:
  - the adequacy of the company's internal controls; and
  - management letters and any related findings and recommendations of the auditors and Internal Audit together with management's responses thereto.

**V. With respect to risk management:**

Inquire with management, with Internal Audit and with the auditors regarding significant risks or exposures to the Company and assess the steps management has taken to minimize such risks.

**VI. With respect to legal and regulatory matters:**

1. Review any legal and regulatory matters that may have a material impact on the statutory and consolidated accounts and financial statements.
2. Review on a regular basis the Company's processes and internal control procedures regarding compliance with legal and regulatory requirements.
3. Review and investigate specific matters of compliance with legal and regulatory requirements that may have a significant impact on the Company's annual statutory and consolidated accounts and financial statements.
4. Review new legal and regulatory requirements that may have a significant impact on the Company's compliance policies or may necessitate a significant change thereof.

**VII. With respect to compliance:**

1. Decide on the Code of Conduct and the Dealing Code; periodically review such documents and decide changes thereto; decide on appointment, replacement and dismissal of the Head of Compliance Services.
2. Review on a regular basis the Company's processes and internal control procedures regarding compliance with the Code of Conduct and Compliance Policies, as well as similar documents relating to integrity, ethics and business conduct by its directors, management and employees. Review with the Secretary General and/or the General Counsel, with the Head of Compliance Services, and with the Head of Internal Audit the results of their review of compliance with the Code of Conduct and Policies, as well as similar documents relating to integrity, ethics and business conduct. Decide any changes to such processes and procedures as are needed.
3. Review, investigate and decide specific matters or cases of compliance with the Code of Conduct and Compliance Policies, as well as similar documents relating to integrity, ethics and business conduct by its directors, management and employees.
4. Decide on a procedure for receiving concerns about accounting, internal and external audit and compliance matters taking into account the following principles: (i) any employee may communicate such a concern directly to the Committee; (ii) such communications may be done on a confidential or anonymous basis; (iii) retaliation measures against persons submitting concerns are prohibited.
5. Initiate a systematic formal investigation on cases of non compliance with the policy on discretion and confidentiality taking into account the following principles: (i) the investigation shall be performed by the Investigation Department of Proximus; (ii) the Head of the Investigation department shall, for this matter, directly report to the Chairman of the Audit and Compliance Committee; (iii) each investigation will be subject to a formal report to the Audit &

Compliance Committee; (iv) the Internal audit department will yearly assess compliance with the policy on discretion and confidentiality and report it to the Audit & Compliance Committee.

The Committee will further perform any other duties as the Board of Directors may assign.

Unless where in the list above the Audit and Compliance Committee has been delegated the power to “decide” matters, all duties and responsibilities listed above are carried out prior to Board discussion of the matters concerned, and are aimed at preparing Board decision-making by submitting to the Board the Committee’s findings, together with such proposals or recommendations the Committee deems appropriate.

## **Functioning**

### ***I. Timing and agenda***

The Audit and Compliance Committee meets as many times as the discharge of its duties requires, and in any event on a quarterly basis. Members are expected to attend all meetings of the Committee.

### ***II. Notice and prior distribution of documents***

A meeting of the Audit and Compliance Committee is called by its Chairperson. The Chairperson of the Committee must call a meeting if so requested by: (i) a member of the Committee; (ii) the Chairman of the Board of Directors; (iii) the Chief Executive Officer; (iv) the Chief Financial Officer; (v) the General Counsel; (vi) the Secretary General; (vii) the Head of the Compliance Services; (viii) the Head of Internal Audit; and (ix) an auditor.

As a principle, at least 10 days notice of the Committee meeting shall be given to the members. However, the term of notice can be shortened if (i) the Chairperson decides that due to unforeseen circumstances and in the interest of the Company, such shorter term of notice is required, or if (ii) all members agree to such shorter term of notice.

The notice specifies the time and venue of the meeting, as well as its agenda.

Information and data that are important to the directors’ understanding of the items to be discussed at a meeting, as well as the final draft minutes of the previous meeting, should in principle be distributed in writing to each of the directors at the end of the week preceding the meeting. If however supporting material is of a highly sensitive or confidential nature, the Chairperson may deem it appropriate that no copies would be distributed, but that members would be given the opportunity to look into such materials before or at the meeting. Members are expected to review the materials distributed in advance of the meeting. Where the subject matter is too sensitive to put in writing, the matter will be discussed at the meeting.

### ***III. Access to independent advisors***

The Committee may retain such outside counsel, experts, consultants and other advisors as it deems appropriate for the discharge of its duties, provided that they have no conflict of interest with the Company. The Board of Directors specifically delegates to the Committee the authority to approve in a manner which is binding upon the Company all retention terms and conditions and sign off on all fees in connection therewith within the confines of the yearly budget awarded therefore by the Board of Directors. The Secretary General is in charge of coordinating the hiring initiatives of the various committees of the Board with a view of achieving cost efficiency and avoiding duplication of efforts. Initiatives undertaken by the Committee that exceed the annual budget should get prior approval of the Board of Directors.

#### **IV. Access to information**

The Audit and Compliance Committee is expected to maintain free and open communication with management, the auditors and Internal Audit. The Committee may invite to its meetings anyone whose attendance it deems useful. If a meeting is called upon the request of one or more persons who are not members of the Audit and Compliance Committee, the person(s) requesting the meeting are automatically invited to attend. The Committee must create the occasion, at least once a year and in any event whenever it deems necessary, to meet separately with the Head of Internal Audit, with the Head of Compliance Services, and with the auditors on a regular basis. The Head of Compliance Services and the Head of Internal Audit report to the Audit and Compliance Committee in the person of its Chairperson.

The Chairperson is responsible for ensuring that the members receive accurate, timely and clear information. Management has an obligation to provide such information but the Committee should seek clarification or amplification where necessary. Only the Chairperson can directly communicate with management to seek additional information. Other members should ask their questions through the Chairperson.

In the performance of the duties and responsibilities listed above, the Audit and Compliance Committee may:

- a) Initiate any review of the matters within its scope of competence, conduct all investigations and access all corporate documents and records of the Company and its subsidiaries required for the discharge of its duties. It is entitled to demand full cooperation of all directors, members of management and of all employees of the Company and its subsidiaries, as well as of the Company's auditors.
- b) Meet separately with the Head of Internal Audit, the auditors, executive management, management and staff to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

#### **V. Reporting**

The Audit and Compliance Committee must report its decisions, findings, recommendations and/or proposals to the Board of Directors after each meeting unless the Committee decides that there are serious reasons not to do so pending further investigation. In addition, the Committee shall present to the Board an annual report regarding its activities. The annual report shall include a performance self-evaluation of the Committee, covering membership, scope of mandate and functioning.

#### **VI. Charter**

The Audit and Compliance Committee must at least annually review the present Charter and recommend to the Board of Directors any changes that are needed.

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