Consolidated Management Report

Management discussion and analysis of financial results

1. Introductory remarks

Underlying revenue and EBITDA

Proximus' management discussion is focused on underlying figures, i.e. after deduction of the incidentals and including operating lease expenses. The underlying company figures are reported to the chief operating decision makers in view of resources allocation and performance assessment.

Proximus provides in a transparent way a view of the operational drivers of the business by isolating incidentals, i.e. revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-year variance of the Proximus Group revenue or EBITDA. In addition, following the application of the IFRS 16 accounting standard, the definition of "underlying" was adjusted to include as of 2019 the lease depreciation & interest. The adjusted revenue and EBITDA are referred to as "underlying" and allow for a meaningful year-on-year comparison.

Definitions can be found in section 7 of this document.

(EUR million)	Revenues 2019	Revenues 2020	Ebitda 2019	Ebitda 2020
Reported	5,697	5,481	1,676	1,922
Lease depreciations			-82	-82
Lease interests			-2	-2
Incidentals	-11	-2	278	-1
Underlying	5,686	5,479	1,870	1,836
Total incidentals	-11	-2	278	-1
Capital gains on building sales	-7	-2	-7	-2
Early Leave Plan and Collective Agreement			19	-3
Fit For Purpose Transformation Plan			253	-12
Shift to Digital plan*			9	
M&A-related transaction costs			9	21
Change in M&A contingent consideration	-4		-4	
Pylon Tax provision update (re. past years)			-1	-6

*The incidental costs related the to the Shift to Digital plan represent mainly exceptional costs linked to the optimization of Proximus' sales channel footprint following its increased focus on e-Sales.

Reporting changes as from 2020

As of January 2020, the reporting changes below have been implemented. The figures for 2019 have been restated accordingly to allow for a meaningful year-on-year comparison.

1. Within the Consumer segment, the former X-play household view was changed into an X-play customer view.

• Following GDPR implementation, the Household concept started to lose some of its value given that some household data was no longer available. Therefore, Proximus decided to move from a Household to a Customer view. The Customer view is based on internally used customer identification numbers.

• The number of Customers is larger compared to the number of Households reported previously. This is because, in some cases, one single household has more than one customer identification number. As a consequence, the Average Revenue per Customer (ARPC) is somewhat below the ARPH. The year-on-year trends are however very similar.

2. Mobile inbound revenue was reclassed from Consumer /Enterprise segments to the Wholesale segment.

In order to be consistent with the Fixed inbound revenues, the Mobile inbound revenues were moved from the Consumer/ Enterprise segment to the Wholesale segment. This reclass is applicable for both the revenues and for the ARPU.

3. Other small reporting changes.

• Luxembourg Telco's Mobile card base is split between "Mobile postpaid excl. M2M" and "M2M" cards.

• A customer cleaning exercise in the Consumer segment resulted in some very minor impacts on the 2019 year-end base.

Disaggregation of revenue

The revenue by segment is disclosed in the table below.

	31 December 2020						
(EUR million)	**GROUP**	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	5,443	1,193	4,250	2,648	1,344	313	-54
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	**5,443**	**1,193**	**4,250**	**2,648**	**1,344**	**313**	**-54**
Other operating income (underlying)	36	1	35	20	6	0	9
Other operating income (incidentals)	2	0	2	0	0	0	2
Other operating income (reported)	**38**	**1**	**37**	**20**	**6**	**0**	**10**
Total income (underlying)	5,479	1,194	4,285	2,668	1,350	313	-45
Total income (incidentals)	2	0	2	0	0	0	2
Total income (reported)	**5,481**	**1,194**	**4,287**	**2,668**	**1,350**	**313**	**-44**

Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Covid-19 impacts

While Proximus Group proved to be fairly resilient to the sanitary crisis, it was not fully immune. The greatest exposure by far was on roaming margin, driven by the international travel bans/reluctance leading to a steep decrease in roaming traffic. This affected Proximus' Consumer, Enterprise and Wholesale segment, as well as its international carrier segment, BICS. The ICT business too was affected, though the overall impact of delayed or cancelled ICT projects in view of Covid-19 remained contained. Overall, the Covid-19 impact on the Proximus Group direct margin was estimated at a negative EUR 70 million, of which about EUR 50 million related to its Domestic operations.

The adverse Covid-19 impact on the company's EBITDA was in part contained through an active management of its expenses, in addition to a direct favourable cost impact from lockdown, such as lower fuel, travel and energy expenses. In total, Proximus Group estimated the total cost saving attributable to Covid-19 measures at about EUR 20 million. Therefore, Proximus could limit the negative EBITDA impact to an estimated EUR 49 million, of which about EUR 34 million related to its Domestic operations

In view of preserving its EBITDA – Capex for the year 2020, Proximus managed the level of its Capex by deprioritizing less strategic Capex projects, while safeguarding its crucial strategic investments in Fiber, 5G and its digital transformation plans.

Key Figures - 10-year overview

Income Statement (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	IFRS 15 2018	IFRS 15&16 2019	IFRS 15&16 **2020**
Reported income	7,040	6,417	6,462	6,318	6,112	6,012	5,873	5,802	5,829	5,697	5,481
Revenue incidentals	N/A	N/A	N/A	N/A	248	17	3	24	21	11	2
Underlying revenue	N/A	N/A	N/A	N/A	5,864	5,994	5,871	5,778	5,807	5,686	5,479
Reported EBITDA (1)	2,428	1,897	1,786	1,699	1,755	1,646	1,733	1,772	1,794	1,676	1,922
Lease depreciation and interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84	84
EBITDA incidentals	N/A	N/A	N/A	N/A	102	-88	-63	-51	-70	-278	1
Underlying EBITDA (1)	N/A	N/A	N/A	N/A	1,653	1,733	1,796	1,823	1,865	1,870	1,836
Depreciation and amortization	-809	-756	-748	-782	-821	-869	-917	-963	-1,016	-1,120	-1,116
Operating income (EBIT)	1,619	1,141	1,038	917	933	777	816	809	778	556	805
Net finance income / (costs)	-102	-106	-131	-96	-96	-120	-101	-70	-56	-47	-48
Share of loss on associates	0	0	0	0	-2	-2	-1	-2	-1	-1	-1
Income before taxes	1,517	1,035	907	822	835	655	715	738	721	508	756
Tax expense	-233	-262	-177	-170	-154	-156	-167	-185	-191	-116	-174
Non-controlling interests	17	17	19	22	27	17	25	30	22	392	18
Net income (Group share)	1,266	756	712	630	654	482	523	522	508	373	564

Cash flows (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Cash flows from operating activities	1,666	1,551	1,480	1,319	1,447	1,386	1,521	1,470	1,558	1,655	1,515
Cash paid for Capex	-734	-757	-773	-852	-916	-1,000	-962	-989	-1,099	-1,091	-1,089
Cash flows from / (used in) other investing activities	48	-7	-16	38	180	22	0	-189	-8	12	9
Lease payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-78	-82
Free cash flow (2)	980	788	691	505	711	408	559	292	451	498	352
Cash flows from / (used in) financing activities other than lease payments	-728	-1,051	-809	-353	-364	-608	-764	-256	-444	-515	-363
Net increase / (decrease) of cash and cash equivalents	252	-264	-118	152	347	-200	-205	36	7	-17	-13

Balance sheet (EUR million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Balance sheet total	8,511	8,312	8,243	8,417	8,522	8,283	8,117	8,527	8,671	8,978	8,779
Non-current assets	6,185	6,217	6,192	6,254	6,339	6,386	6,372	6,735	6,850	7,160	7,120
Investments, cash and cash equivalents	627	356	285	415	710	510	302	338	344	327	313
Shareholders' equity	3,108	3,078	2,881	2,846	2,779	2,801	2,819	2,857	3,005	2,856	2,903
Non-controlling interests	235	225	211	196	189	164	162	156	148	142	123
Liabilities for pensions, other post-employment benefits and termination benefits	565	479	570	473	504	464	544	568	605	864	645
Net financial position (incl. lease liability)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2,492	-2,639
Net financial position (excl. lease liability as from 2019)	-1,451	-1,479	-1,601	-1,815	-1,800	-1,919	-1,861	-2,088	-2,148	-2,185	-2,356

Proximus share	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Weighted average number of ordinary shares (3)	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006	322,752,015
Basic earnings per share - as reported (EUR) (4)	3.94	2.36	2.24	1.98	2.04	1.50	1.62	1.62	1.58	1.16	1.75
Total dividend per share (EUR) (5)	2.18	2.18	2.49	2.18	1.50	1.50	1.50	1.50	1.50	1.50	1.20
Share buyback (EUR million)	0	100	0	0	0	0	0	0	0	0	0

Data on employees	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Number of employees (full-time equivalents)	16,308	15,788	15,859	15,699	14,187	14,090	13,633	13,391	13,385	12,931	11,423
Average number of employees over the period	16,270	15,699	15,952	15,753	14,770	14,040	13,781	13,179	13,161	13,007	11,544
Underlying revenue per employee (EUR)	N/A	N/A	N/A	N/A	410,746	426,958	425,997	438,413	441,238	437,173	474,647
Total income per employee (EUR)	432,685	408,760	405,084	401,080	413,826	428,194	426,201	440,240	442,870	438,005	474,783
Underlying EBITDA per employee (EUR)	N/A	N/A	N/A	N/A	111,923	123,467	130,315	138,325	141,681	143,801	159,057
Total EBITDA (1) per employee (EUR)	149,247	120,834	111,973	107,851	118,798	117,251	125,743	134,483	136,342	128,856	166,467

Ratios - on underlying basis	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Return on Equity	N/A	N/A	N/A	N/A	21.8%	18.9%	19.4%	19.2%	18.4%	19.9%	19.5%
Direct margin	N/A	N/A	N/A	N/A	57.8%	59.6%	61.8%	62.5%	63.4%	64.6%	65.3%
Net debt (excl lease liability as from 2019)/ EBITDA	N/A	N/A	N/A	N/A	1.09	1.11	1.04	1.15	1.15	1.17	1.28

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities but after lease payments.
(3) i.e. excluding Treasury shares.
(4) No difference between basic and diluted earnings per share
(5) Accounting view (no cash view)

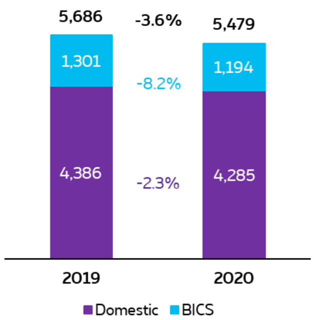
- Consumer segment posted a solid customer growth for Internet, TV and Mobile Postpaid, supported by convergent offers, in highly competitive market.
- Domestic revenue pressure mainly due to Covid-19 related roaming loss, lower inbound revenue, and Fixed Voice decline, partly compensated for the rising convergent customer base.
- Proximus showed resilience in the sanitary crisis, offsetting part of the Direct margin impact by strict cost control.
- Domestic expenses reduced by 3.9%, limiting Domestic EBITDA decline to -0.7%
- BICS' 2020 EBITDA down 14.5% due to high Covid-19 exposure and MTN insourcing effect.
- The underlying Proximus Group EBITDA was down by EUR 34 million, including about EUR 49M million Covid-19 impact.
- Free Cash Flow of EUR 352 million, including EUR 154 million more cash-out related to workforce transformation plans.

2. Proximus Group

Revenue

The Proximus Group ended the year 2020 with total underlying revenue of EUR 5,479 million, -3.6% below that of the prior year. Proximus' operations have shown some resilience to the sanitary crisis, with the loss of revenue largely contained to the loss in roaming revenue following the significant limitation in worldwide traveling, affecting Proximus' Domestic segments and its International Carrier segment BICS. Moreover, Proximus launched several customer actions, giving an amount of free usage during the lockdown, supporting its customers to get through the Covid-19 crisis. A continued decrease in regular SMS usage, with customers moving to OTT services, pressured the inbound revenue reported within the Wholesale segment, with close to zero margin effect on Domestic level.

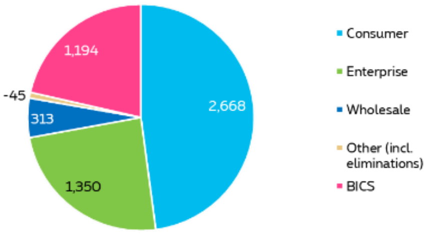
Group revenue (underlying, M€)



Within the mix, the underlying Domestic revenue decreased by -2.3%, and revenue from BICS, Proximus' International Carrier business unit, ended -8.2% below that of the prior year.

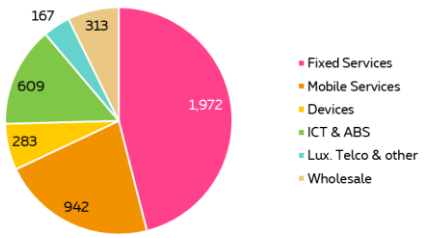
Group underlying revenue
EUR 5,479M

Group revenue by segment (underlying, M€)



For its Domestic operations, Proximus posted revenue of EUR 4,285 million in 2020, with the largest part coming from retail Fixed and Mobile Telecom services generated by the Consumer and Enterprise segments. In a challenging competitive setting, Proximus achieved an ongoing expansion of its TV, Internet and Mobile Postpaid customer base. Moreover, the revenue from ICT showed some progress in a tough economic setting, with Proximus providing digital transformation solutions for its professional customers.

Domestic revenue by product (underlying, M€)



Including the Covid-19 headwind, the revenue from Proximus' domestic operations was down from the prior year by EUR 100 million or -2.3%. The Mobile Services revenue in particular was affected by Covid-19, causing a strong reduction in roaming traffic. In spite of a firm growth in Proximus' Mobile Postpaid customer base by a total of 174,000 Sim cards, or +4.2% on the prior year, the Domestic Mobile services revenue was down by -5.5% compared to 2019. Besides the sanitary crisis impacting the roaming revenue, the Mobile services revenue was pressured by less out-of-bundle revenue, an ongoing erosion in Prepaid and pricing pressure in the Enterprise segment. Moreover, the year-on-year variance was negatively impacted for EUR 7 million by the remaining carry-over effect of the lowered International calling/texting rates since 15 May 2019.

Proximus' Luxembourg Telecom branch posted EUR 139 million in revenue, of which EUR 116 million was generated by the Consumer segment. The total revenue was down by EUR 2 million in 2020, or -1.2% from the previous year, with the decline mainly related to the sanitary crisis reducing international traveling. The Covid-19 headwind was partly offset by a sound year-on-year customer growth, with the Internet base growing 9.2%, the TV base by 8.2% and Mobile Postpaid by 5.9%, excl. M2M.

Proximus' Wholesale segment too was affected by Covid-19-with revenue from visitor and instant roaming impacted by travel reluctance. This came on top of the mobile inbound erosion, with customer usage shifting from SMS to OTT alternatives.

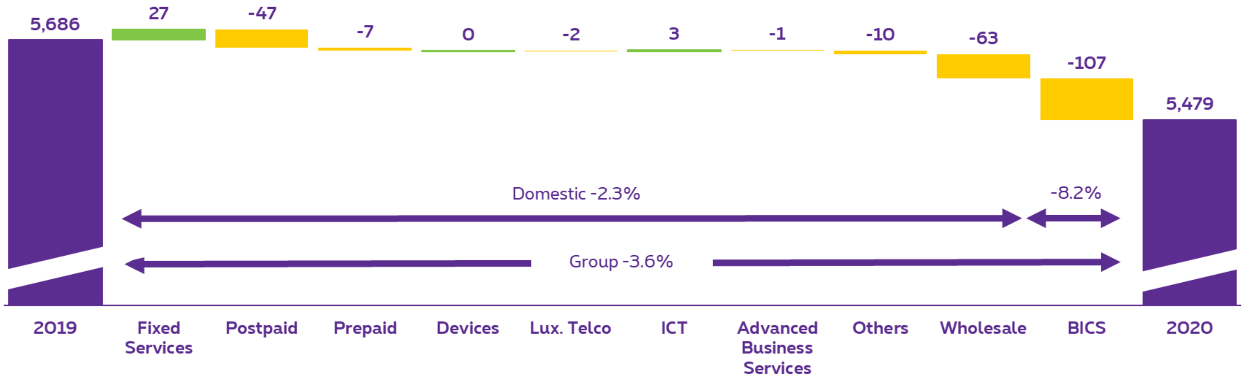
In 2020, BICS' revenue totaled EUR 1,194 million, -8.2% below that of 2019.

BICS operates in the international communications market, which is highly competitive. For 2020, BICS posted an 8.2% decline in its revenue, totaling EUR 1,194 million.

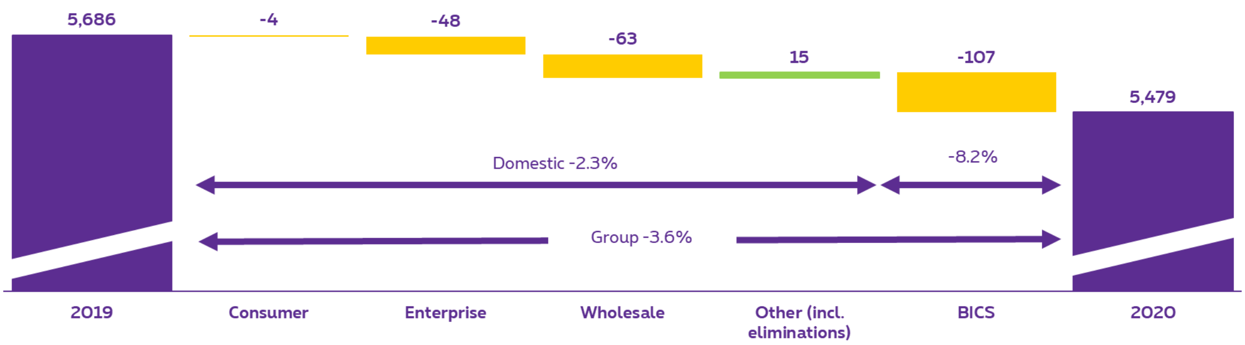
Revenue from BICS standalone declined by 18.3% reaching EUR 921 million, driven by a decrease in revenue from low-margin legacy voice and mobility-dependent (roaming, signaling) services. Revenue from Voice services continued its eroding trend in line with the market, reinforced by negative Covid-19 effects on international traffic and due to the ongoing insourcing by MTN of the transport and management of its traffic. Revenue from signaling and roaming showed a year-on-year decline as well, with these services being significantly exposed to the very limited travel circulation across the globe.

Revenue from TeleSign continued its increasing trend, with revenue for 2020 up by 56.8% year-on-year, recording sustained revenue growth in both authentication and mobile identity services.

Revenue evolution per product group (underlying, M€)

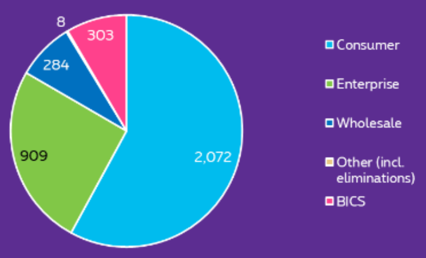


Revenue evolution by segment (underlying, M€)



Direct Margin

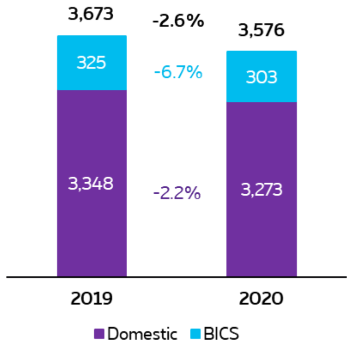
Over the full-year 2020 the Proximus Group Direct Margin totaled EUR 3,576 million, a -2.6% or EUR -97 million decline compared to 2019, including an estimated EUR -70 million Direct Margin loss associated with Covid-19.



With **EUR 3,273 million, Proximus' Domestic direct margin** ended -2.2% or EUR -75 million below that of 2019. The year-on-year variance was impacted by Covid-19 effects for an estimated amount of EUR -51 million, and by lowered International calling/texting rates in May 2019, having a EUR -7 million negative impact. Moreover, the direct margin variance was impacted by negative effects of a temporary nature[1]. These headwinds were partially offset by the positive effect of Proximus' ongoing customer growth, especially resulting from a successful convergence strategy in the Consumer segment, further supported by e-Press.

The **direct margin of BICS for 2020 was down by -6.7%** year-on-year to total EUR -303 million, including an impact from the pandemic related travel restrictions for a total estimated amount of about EUR -18 million, in addition to a progressive impact from MTN's insourcing of services. This was somewhat compensated for by a continued strong performance by TeleSign.

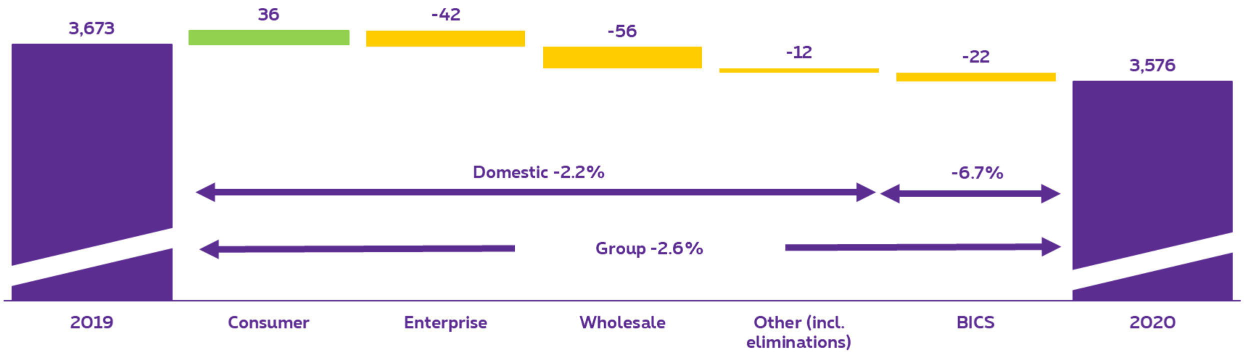
Direct Margin (underlying, M€)



Group underlying direct margin
EUR 3,576M

[1] Loyalty provision reversal, lower installation, reconnection & reminder fees.

Direct Margin evolution by segment (underlying, M€)



Operating expenses

The Proximus Group reduced its operating expenses by EUR -63 million, or -3.5%, to reach a total for the year 2020 of EUR 1,740 million.

This decrease was fully driven by Proximus' Domestic cost base, totaling EUR 1,567 million for 2020, mainly resulting from its strong focus on structurally improving its cost base by means of efficiency and digitalization. The sanitary crisis accelerated Proximus' digitalization trajectory, resulting in sooner than expected cost benefits. Moreover, the cost base of the company benefitted from some pandemic-related effects, driven a.o. by the massive homeworking, the travel bans, cancellation of sponsoring events …

Out of the EUR 63 million year-on-year decrease in Domestic expenses, about EUR 45 million was related to structural cost benefits, largely the result of the decrease in headcount and efficiency savings.

The Domestic Workforce related expenses were down by -5.7% compared to the prior year, driven by a reduction in workforce mainly following the Fit for Purpose plan. On 1 March 2020, most employees that had signed up for this plan had left the company. This in addition to a last wave of employees that left on the 1st of January 2020 under the prior program 'Early Leave Plan prior to Retirement'. Including new hiring over the year, natural outflow and retirements, Proximus' Domestic operations counted a total of 10,530 FTEs by end-2020, compared to 12,143 FTEs one year back. The resulting cost reduction was partly offset by wage drift, mainly on an inflation-based salary indexation (1 April 2020). Moreover, some workforce-related costs, in the prior year recognized as capex, are accounted for as operational cost, mainly driven by the cloudification impact of some of our activities.

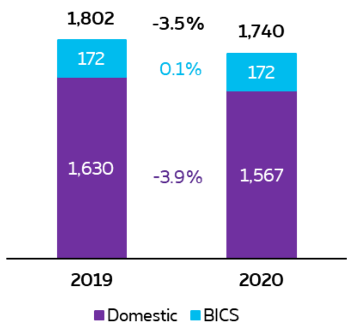
The addressable base for the company's cost reduction ambitions are the "indirect expenses" of Proximus' Domestic operations. This is the Domestic cost base excluding the billable ICT workforce expenses in the B2B segment, given the company's growth ambitions in this area. Proximus reduced its indirect domestic expenses in 2020 by -4.4 % or EUR -68 million.

Strong focus on efficient Domestic cost structure led to a net cost saving of

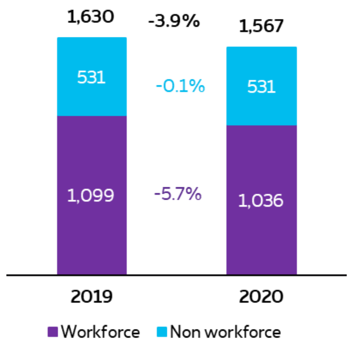
EUR 63M

The Operating expenses of BICS totaled EUR 172 million for 2020, stable compared to 2019 , including higher workforce costs following hirings at TeleSign to fuel its growth, off-set by lower non workforce expenses, helped by Covid-19 related cost savings.

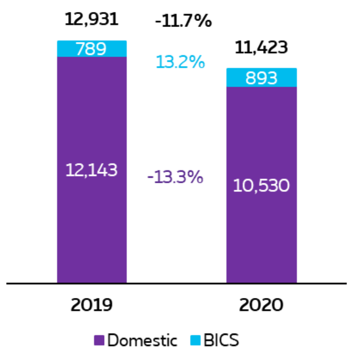
Operating expenses (underlying, M€)



Domestic operating expenses (underlying, M€)



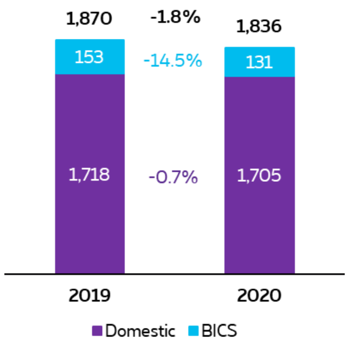
Headcount evolution (in FTE)



Underlying EBITDA

The Proximus Group posted an underlying EBITDA of EUR 1,836 million for 2020, down by -1.8% from the prior year.

EBITDA (underlying, M€)

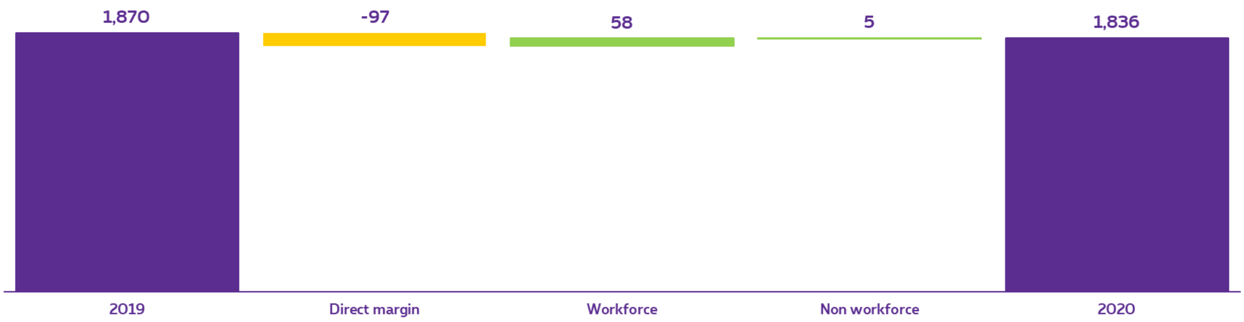


Domestic underlying EBITDA
-0.7%

The Domestic operations of Proximus posted EUR 1,705 million EBITDA, a year-on-year decline of -0.7% or EUR -12 million. The companies' strong cost control was more than offset by the pressure on Direct Margin. The Domestic EBITDA margin improved to 39.8%, up from 39.2% for 2019.

BICS closed 2020 with its EBITDA totaling EUR 131 million, 14.5 % below that of the prior year fully driven by a decrease in direct margin, a consequence of the gradual insourcing of services by MTN and its Covid-19 exposure. BICS' segment margin as percent of revenue for 2020 was 11.0%, compared to 11.7% the previous year.

EBITDA evolution (underlying, M€)

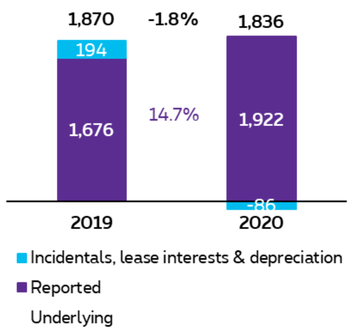


Reported EBITDA

Incidentals included, and operating lease excluded, the Proximus Group reported EBITDA of EUR 1,922 million, positive by 14.7% on the prior year. See page 2 for more information on the incidentals.

In 2020, the Proximus Group recorded only EUR 1 million net positive in incidentals, compared to EUR 278 million net negative EBITDA incidentals for 2019, which was mainly related to the framework of the Fit for Purpose transformation plan and the Early Leave Plan ahead of Retirement. The lease depreciation and interest for 2020 were stable year-on-year, totaling EUR 84 million. (As from 2019, following the application of IFRS 16, these expenses are excluded from the reported EBITDA).

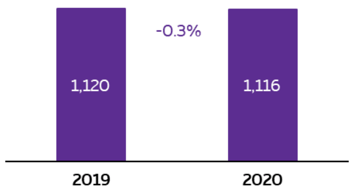
Reported and underlying EBITDA (M€)



Depreciation and amortization

In 2020, the depreciation and amortization totaled EUR 1,116 million, including lease depreciation, remaining stable compared to the EUR 1,120 million for 2019 (-0.3%).

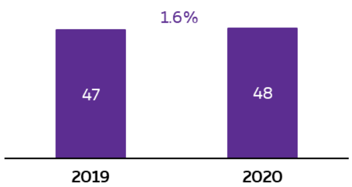
Depreciation and amortization incl. lease depreciation (M€)



Net finance cost

The net finance cost for the year 2020 totaled EUR 48 million, remaining stable compared to last year's level of EUR 47 million (+1.6%).

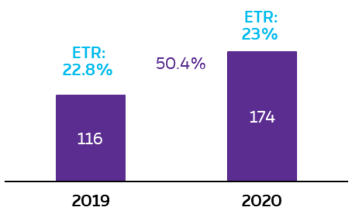
Net finance cost incl. lease interest (M€)



Tax expense

The 2020 tax expense amounts to EUR 174 million, representing an effective tax rate of 23% (as compared to 22.8% in 2019). Despite the statutory tax rate being cut from 29.58% to 25% in 2020, the company's tax expense increased year-on-year by 50.4% mainly in line with the increase of the 2020 profit before tax, whereby 2019 was significantly impacted by the Fit for Purpose restructuring cost. The 2020 ETR remains somewhat below the 25% Belgian statutory tax rate, resulting from the application of general principles of Belgian tax law such as the patent income deduction and other R&D tax incentive regimes that more than offset the impact of non-tax deductible expenses.

Tax expense (M€) and ETR

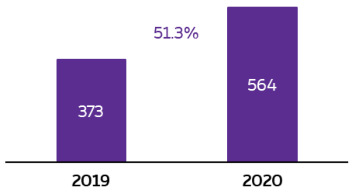


Net income

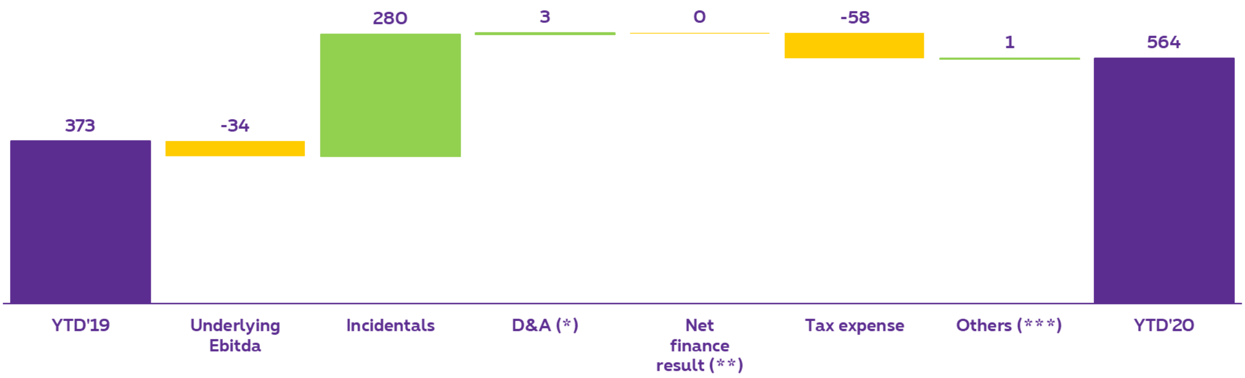
Proximus reported a 2020 net income (Group share) of EUR 564 million. This is up from the prior year, largely as a result of the incidentals that were booked in 2019, which included the restructuring cost related to the Fit for Purpose transformation plan. This positive year-on-year impact was partly offset by lower underlying Group EBITDA, and higher tax expenses.

€ 564M
Net income

Net income (Group Share) (M€)



Net income evolution (M€)

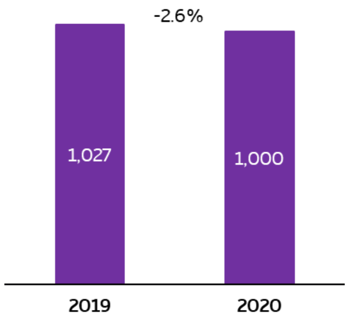


(*) excluding lease depreciation; (**) excluding lease interest; (***) includes Non-controlling interests and Share of loss from associates

Capex

The level of Capex reflects the Group strategy to invest extensively in enhancing its networks and improving the overall customer experience. Proximus invested a total amount of EUR 1,000 million in 2020. With Proximus' Fiber for Belgium project ramping up, this consumed a larger share of the yearly Capex envelope. The deployment of this future-proof network kicked off early 2017 and by end-2020, the Fiber network was brought to the doorstep of 460,000 homes and businesses. Proximus also continued to invest extensively in digitalization and IT platforms. In spite of these investments, the total accrued Capex remained below that of 2019. This was mainly because of a slow-down in Mobile investments in 2020, awaiting Proximus' new Radio Access Network. Moreover, a number of investment projects are passed their capex-peak or have been completed, such as Fiber to the Business in large industrial zonings.

Accrued Capex excluding spectrum (M€)

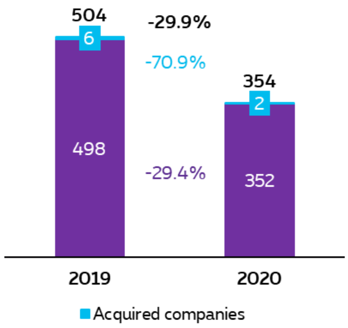


Free Cash Flow

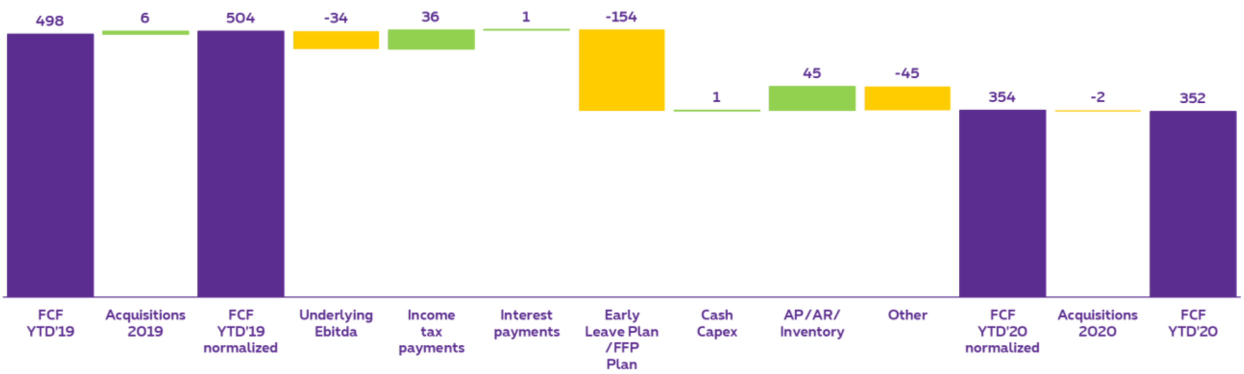
Proximus posted FCF of EUR 352 million over 2020, or EUR 354 million excluding net cash-out for acquisitions. This is EUR 151 million below the comparable amount for 2019, with the FCF of 2020 including EUR 154 million more cash-out related to workforce transformation plans, mainly due to the 2020 Fit for Purpose transformation plan. The lower income tax payments for the full-year 2020 and a favorable year-on-year evolution in Business working capital were offset by the lower underlying EBITDA and other FCF movements, including lower property sales.

€ **354M** normalized FCF

Free Cash Flow (M€)



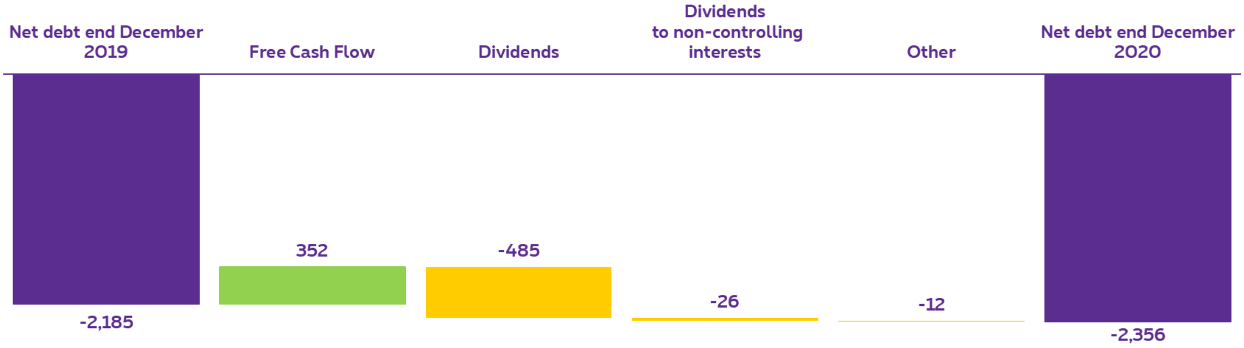
Free Cash Flow evolution (M€)



Net financial position

Proximus' adjusted[2] net debt level increased to EUR 2,356 million by end-2020, reflecting the lower FCF following the exceptional cash-out in 2020 related to its FFP transformation plan. The reported net debt/EBITDA ratio of 1.28 for 2020 remains one of the lowest in the European Telecom sector and well within Proximus' announced debt ambitions going forward, with a significant part of the long-term network investments to be funded by an increased debt level.

Adjusted net debt evolution (M€)



[2] Net debt excluding lease liabilities

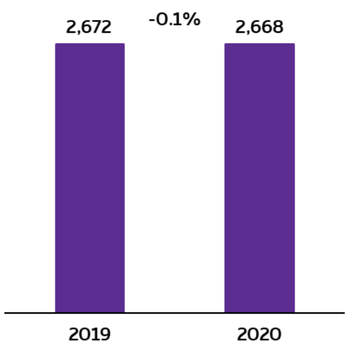
- Multi-brand and segmentation strategy driving strong customer growth for Internet, TV and Mobile Postpaid.
- Proximus closed the year with a total of 1,124,000 convergent customers, increasing its convergence rate to 60.0% on the total of Multi-Play customers, +2.5 p.p. up on the prior year.
- Nearly stable Consumer revenue of EUR 2,668 million in spite of significant Covid-19 related impact on roaming revenue.
- Consumer direct margin grew by 1.8% to EUR 2,072 million.

3. Consumer

Revenue

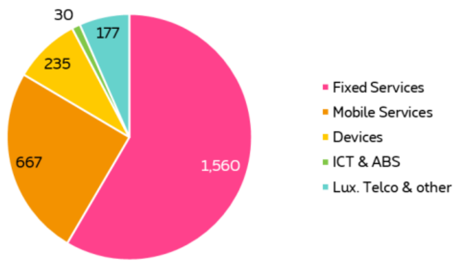
The Consumer revenue over 2020 totaled EUR 2,668 million, nearly stable (-0.1%) compared to 2019. The Consumer segment benefited from a solid growth in its customer base for TV, Internet and Mobile Postpaid under the Proximus and Scarlet brands. Furthermore, the revenue was supported by the 1 January 2020 price changes and by the revenue contribution from e-Press, launched 1 December 2019. While Covid-19 and the related travel limitations had a significant negative impact on Proximus' roaming revenue, there was a limited positive effect on Fixed voice traffic with increased usage since the lock-down in March 2020. The erosion in the Fixed Voice line base however continued following changing customer needs and a better-fitting Flex offering. The Mobile Prepaid base too continued its declining track in a shrinking prepaid market.

Revenue (underlying, M€)

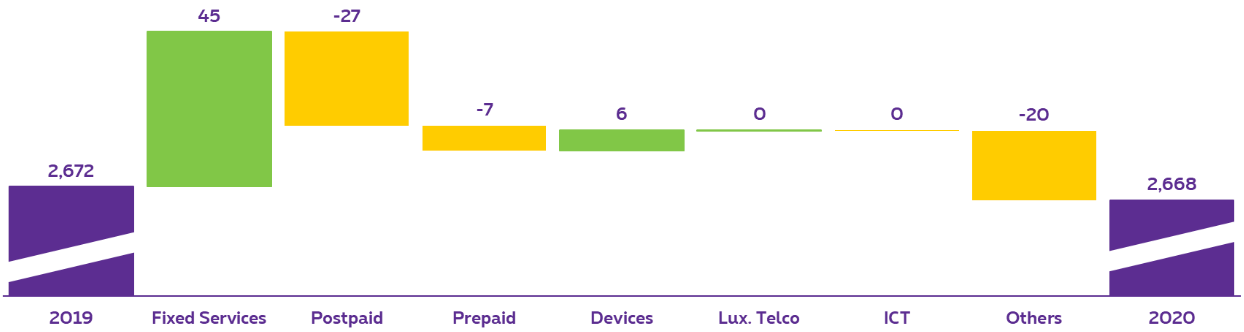


Proximus' dual-brand strategy and its segmentation approach for the residential market drove further customer growth and proved once more to be very supportive in a competitive Belgian market. The new convergent offering Flex, launched 1 July 2020, showed strong traction. By end-2020, there were already 317,000 subscriptions to one of the Flex combinations. The launch of Flex accelerated the move to convergent offers and an uptake in multi-mobile offers. By end-2020, Proximus' convergence rate reached 60% and its Average Revenue per Customer (ARPC) EUR 58.6, an increase of 1.1% from the prior year, in spite of the Covid-19 headwinds.

The year-on-year revenue variance included a negative effect on "Other revenue", with 2019 benefitting from a positive provision reversal following the switch to a new customer loyalty program, discontinuing the old one, and due to less reminder and reconnection fees following a Covid-19 related temporary halt on the customer collection process.



Revenue evolution per product group (underlying, M€)



Fixed Services

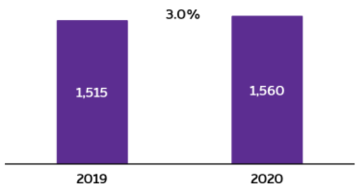
The Fixed Services revenue came in strong for 2020, increasing by 3% from the prior year to reach EUR 1,560 million. Besides the support from a strong commercial traction, the Fixed Services revenue also benefitted from a price change on 1 January 2020 and a favourable revenue effect from e-Press.

In a highly competitive Fixed market, the Consumer segment achieved through both its Proximus and Scarlet brands a solid growth in its Internet and TV customer base, while the Fixed Voice base continued to erode. Over the past 12 months, Proximus' Consumer Internet subscriptions grew by 44,000 to a total base of 1,965,000 and TV grew by 36,000 TV subscriptions to a total of 1,666,000 by end-2020.

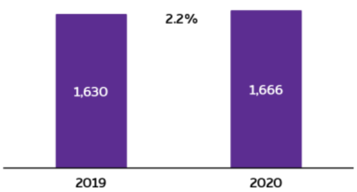
1,965,000
Fixed Internet customers
+ 44,000 in 2020

1,666,000
TV subscribers
+ 36,000 in 2020

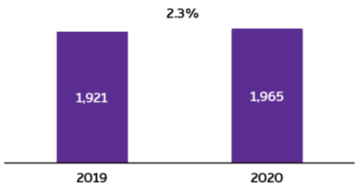
Fixed Services revenue (M€)



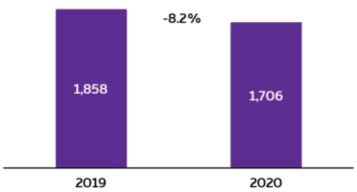
TV customers ('000)



Fixed Internet customers ('000)

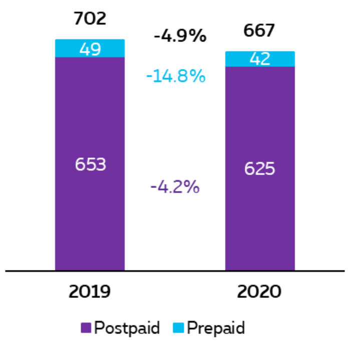


Fixed Voice customers ('000)

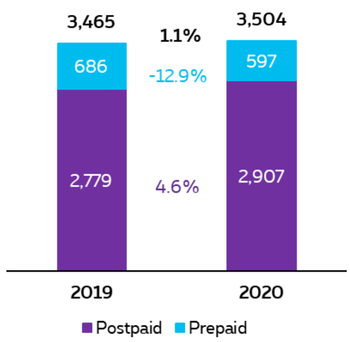


Mobile services

Mobile services revenue (M€)



Mobile cards ('000)



Mobile postpaid

The Consumer segment closed the year 2020 with Postpaid services revenue of EUR 625 million, 4.2% or EUR 27 million down from the prior year, despite its solidly growing Postpaid customer base.

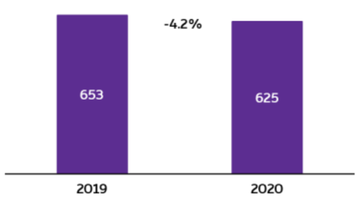
Operating in a dynamic market, the Consumer segment succeeded in growing its postpaid base by 127,000 cards, bringing its total base to 2,907,000 Postpaid cards by end-2020, up by 4.6% compared to one year ago. This resulted from a strong gross customer acquisition combined with better churn rates, limiting for 2020 the churn rate to 12.6%, a 3p.p. improvement from the previous year. The strong mobile customer gain was supported by Proximus' revamped mobile offer and by the launch of Proximus' multi-mobile offer Flex as of the 1st of July 2020.

The Mobile Postpaid revenue was however pressured by the Covid-19 related travel limitations, significantly reducing the roaming revenue. Moreover, the first half of 2020 was still impacted by the revenue loss related to the regulated price decrease for International calling/SMS. Following Proximus' Mobile portfolio revamp on 1 January 2020, enlarging the data bundles for its customers, the out-of-bundle revenue decreased, an effect that was temporarily accentuated by the free 10 GB mobile bundles during the lockdown in the March-May time frame. As a last point, the Mobile services revenue is negatively affected by accounting allocation rules for Mobile Joint Offer revenue and the allocation of e-Press, as of 1 December 2019 offered in Proximus' Internet packs.

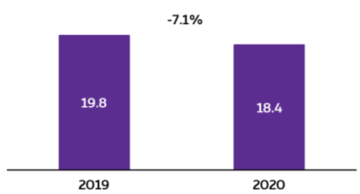
The above-mentioned headwinds caused the Postpaid ARPU for 2020 to decline by 7.1% to EUR 18.4.

2,907,000
Mobile postpaid cards
+ 4.6% YoY
+ 127,000 in 2020

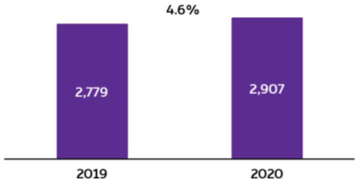
Postpaid revenue (M€)



Postpaid ARPU (€)



Postpaid cards ('000)



Mobile prepaid

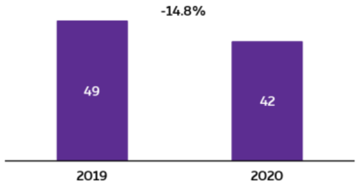
The revenue from mobile Prepaid continued to decline in 2020, down by 14.8% from the prior year to total EUR 42 million. This resulted from a further loss of Prepaid cards, with the 2020 Prepaid base reduced by 89,000 cards, i.e. similar to the loss in 2019 by 86,000 Prepaid cards.

By end-2020 Proximus' Prepaid base totaled 597,000 Prepaid cards. The continued erosion in an already declining market was partly driven by the strategy to migrate customers to similar Postpaid pricing plans, at higher value.

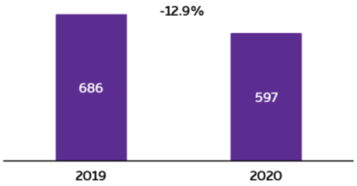
For 2020, the Prepaid ARPU was EUR 5.5, a 3.8% decline from 2019, driven by lower usage.

-89,000
Mobile prepaid cards

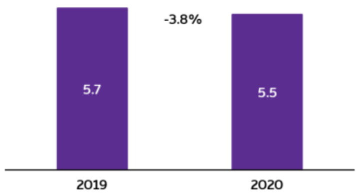
Prepaid revenue (M€)



Prepaid cards ('000)



Prepaid ARPU (€)

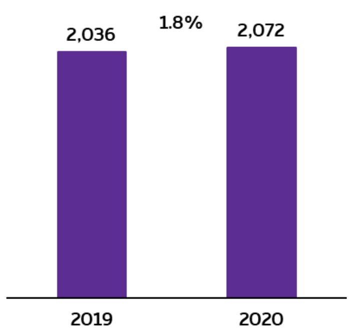


Consumer direct margin

The Consumer segment's direct margin over 2020 totaled EUR 2,072 million, i.e. up by 1.8% from the previous year. This resulted from an increase in direct margin from Fixed and Mobile Services, in spite of negative Covid-19-related effects. These were more than offset by a continued growing customer base for Mobile, Internet and TV, and was further supported by the positive contribution of ePress[3], and lower mobile SMS volumes leading to lower interconnect costs[4].

The direct margin as a percentage of revenue was 77.7% for 2020, 1.4 p.p. above that of 2019.

Direct margin (M€)



+1.8% YoY
Consumer
direct margin

[3] Launch of ePress on 1 December 2019

4 Interconnect/Inbound revenue is part of Wholesale. Interconnect costs are reported within the Consumer and Enterprise segments. On Group level, inbound margin is fairly neutral.

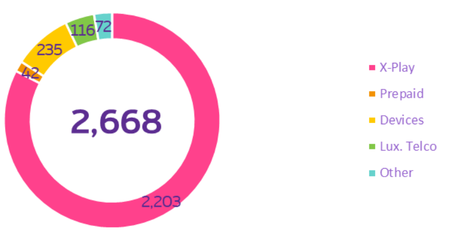
Revenue from convergent customers increasing 3.5%

Over the past years, Proximus has been following a convergence strategy, combining Fixed and Mobile services. It has strengthened this approach through new offers, adapted to its customers' needs. The success and value creation of this strategy is measured through its "X-Play" reporting, based on customer data rather than product information. Therefore, in contrast to the traditional reporting per product group, the X-play reporting focuses on operational and financial metrics in terms of customers serviced by Proximus and the number of "Plays" per customer (i.e. Mobile Postpaid - Fixed Voice - Fixed Internet - TV) and Revenue Generating Units (RGU) offered. The X-play reporting also includes the customers from Scarlet.

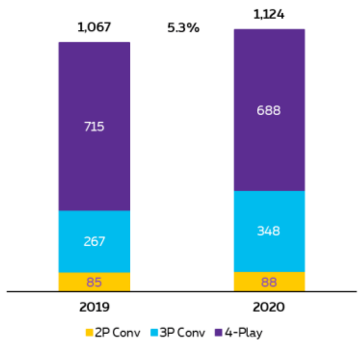
For 2020, the Consumer segment posted EUR 2,668 million in revenue, of which EUR 2,203 million was related to customer X-Play revenue. In spite of the Covid-19 revenue headwinds, the X-Play revenue was up by 0.6% from the prior year as a result of a continued increase in the convergent customer base, the revenue support from e-Press and the price changes at the start of the year.

In 2020, the number of convergent customers grew by 5.3% to a total of 1,124,000. The total revenue generated by these customers, combining fixed with mobile services, has increased by 3.5% to reach EUR 1,258 million for 2020.

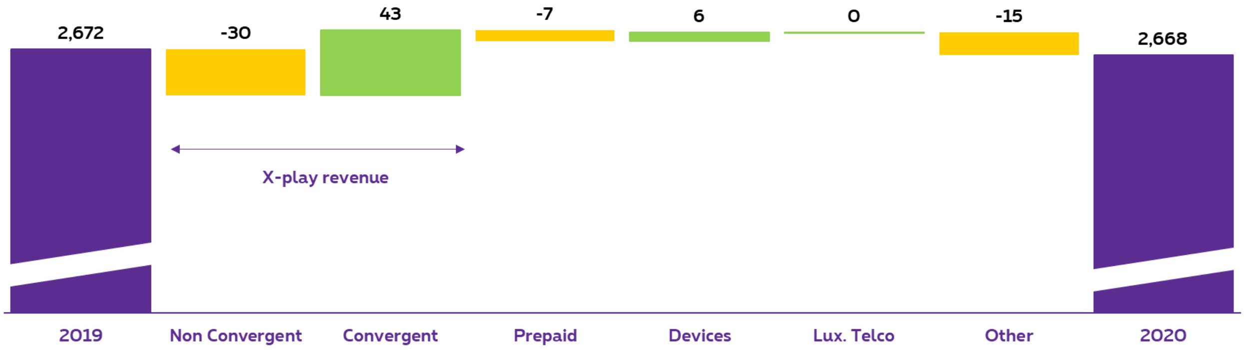
83% Consumer revenue generated by X-Play Customers



Convergent Customers ('000)



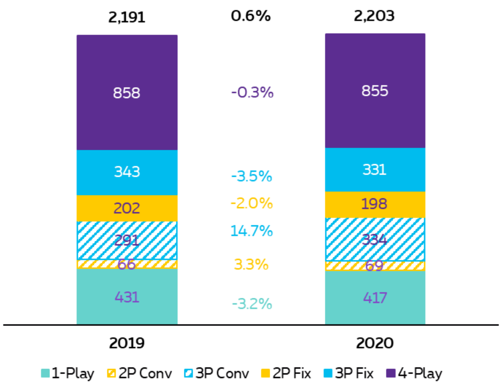
Consumer revenue build up (underlying, M€)



The 2020 revenue especially benefitted from a growing convergent 3-Play customer base, supported by the uptake of the convergent offers Tuttimus, Minimus and EPIC Combo. The trend was reinforced by the launch of the new convergent offer FLEX on 1 July 2020, even better tailored to customer needs and attracting many multi-mobile families. By end-2020, Proximus counted 1,124,000 convergent customers, a 5.3% increase from end-2019, thereby pushing its convergence rate to 60.0% on the total of multi-play customers, +2.5 p.p. on the prior year.

In contrast, the revenue from 1-Play customers was down by 3.2% compared to 2019, mainly as a consequence of the ongoing erosion in the single-Play Fixed Voice customer base. Moreover, revenue from single-play mobile customers decreased from the previous year, including a customer upselling effect towards convergent offers. Internet-only offers in particular saw traction at Scarlet, leading to an overall internet-only revenue increase of 9.1% for 2020.

Customer revenue per X-Play (M€)



Customers increasingly include multiple mobile subscriptions in their convergent offering, a move encouraged by the Flex offering, resulted in an increase in the average RGUs per Customer, progressing over 2020 to 2.64 RGUs. As a result of the continued upselling, the overall ARPC evolved positively by 1.1% form one year ago, to reach EUR 58.6 for 2020.

Operating in a competitive landscape, the overall 2020 annualized full churn rate from a customer perspective was 13.4%, an improvement of 1.8 p.p. from one year ago, including a temporary positive churn effect from the Covid-19-related lock down. 4-Play customers have the lowest churn levels, at 4.2% for 2020, followed by triple play convergent customers at 5.1%.

Average RGU
2.64

Average revenue per Customer
€58.6

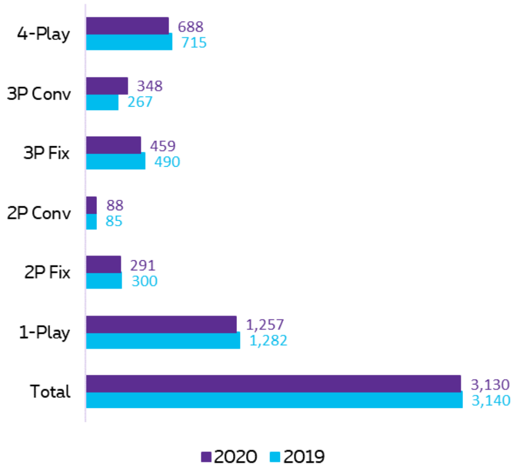
3-Play convergent ARPC
€ 93.2

4-Play convergent ARPC
€100.8

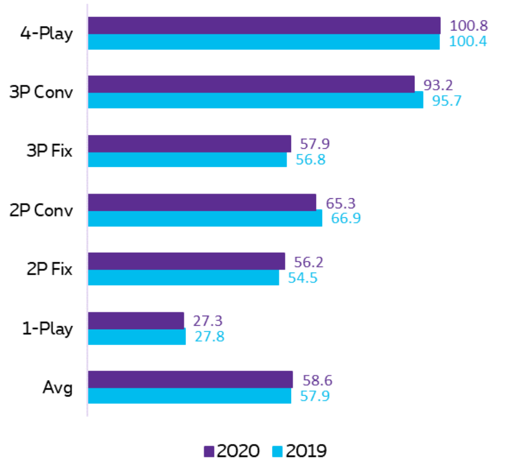
Convergence rate
60.0%

4-Play full churn
4.2%

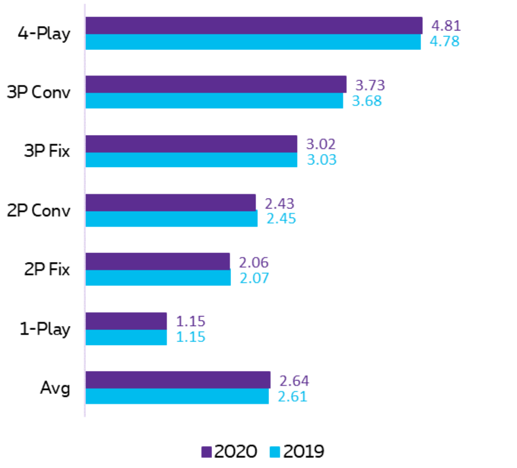
Consumer Customers per X-play ('000)



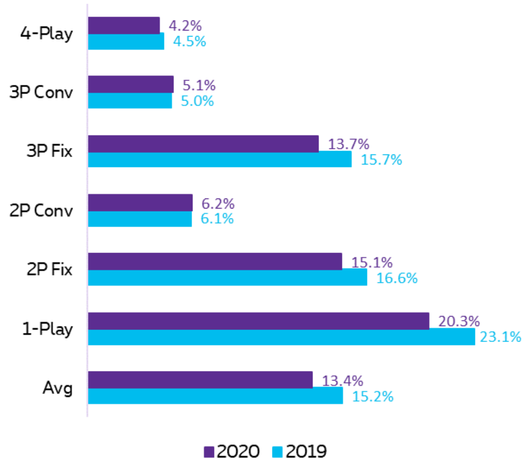
Average Revenue per Customer (€)



Average revenue generating units per Customer



Annualized full churn rate (%)



- Enterprise segment showed resilience in a difficult operating environment, with Covid-19 exposure mainly on roaming, while impact on ICT remained contained.
- In competitive setting, Proximus grew its mobile customer base by 3.1%, adding 33,000 Postpaid SIM cards, while mobile ARPU was down on lower roaming traffic and ongoing competitive pricing pressure.
- Slight growth in ICT revenue in spite of sanitary crisis, with ICT services such as Hybrid Cloud, Advanced Workplace and Smart Networking doing well.
- Enterprise 2020 revenue down by -3.4% and direct margin by -4.5% on Covid-19 impacts and ongoing erosion of legacy services.

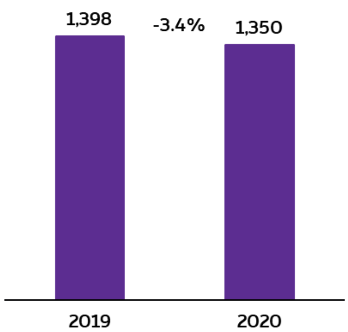
4. Enterprise

Revenue

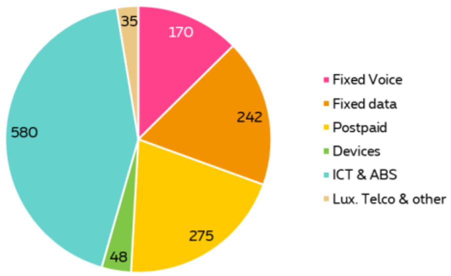
For 2020, Proximus' Enterprise segment posted EUR 1,350 million in revenue, down by 3.4% or EUR 48 million relative to 2019. A significant part of this decrease was the result of Covid-19 effects, with limited business travel especially having reduced the Roaming revenue. Moreover, delays and cancellations of ICT projects during the pandemic contained the ICT growth trajectory. The sanitary crisis however also triggered some upsides in terms of ICT services such as Hybrid Cloud, Advanced Workplace and Smart Networking, which did well in the course of 2020.

The Enterprise segment continued to face an eroding Fixed Voice customer base, leading to lower Fixed Voice revenue, and posted a slight decline in Fixed Data revenue. Whereas Proximus' growing Fiber park for Business customers supported its Explore solutions, this was more than offset by the ongoing legacy out phasing and more attractive customer pricing in a competitive market. In spite of the competitive space, Proximus' Enterprise segment managed to slightly grow its Internet customer base (+1.2%) compared to end-2019. Its mobile base grew even by 33,000 sim cards, a 3.1% increase, M2M cards excluded. Nonetheless an erosion in Mobile services revenue was posted as a result of the Covid-19 roaming effects, and competitive pricing pressure.

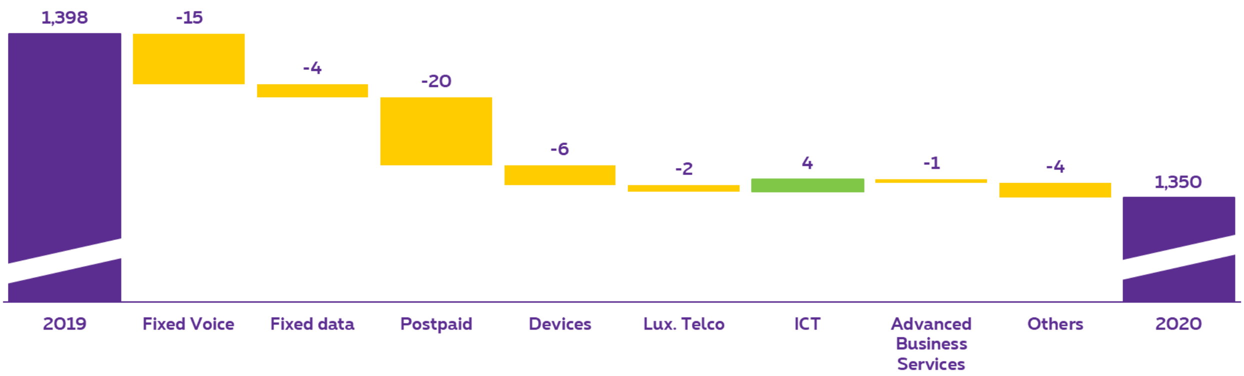
Revenue (M€)



Revenue per product (M€)



Revenue evolution per product group (underlying, M€)

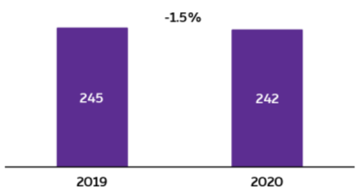


Fixed data

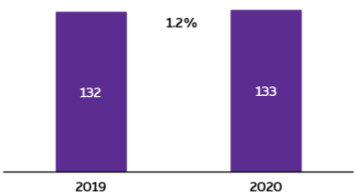
The 2020 revenue from Fixed Data services totaled EUR 242 million, 1.5% down from the prior year. Revenue from the Data Connectivity Services, the largest portion of this product category, was somewhat below that of the prior year, due to a slightly negative balance between eroding legacy and growing new data connectivity services. In 2020, the Enterprise segment benefitted from its growing P2P fiber park, yet this could not entirely offset the ongoing outphasing and migration of legacy products in the context of simplification programs, which offer customers new solutions at attractive pricing.

In an increasingly competitive setting for Business Internet, the Internet ARPU dropped somewhat down to EUR 43.2. This was however partly offset by a slight increase in the number of Internet subscriptions, with the Enterprise segment ending the year 2020 with a total Internet subscriber base of 133,000.

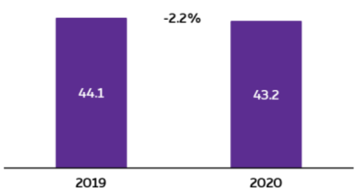
Fixed Data revenue (M€)



Fixed Internet subscriber base ('000)



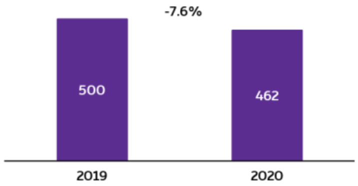
Fixed Internet ARPU (€)



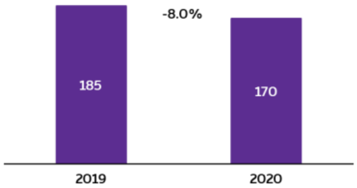
Fixed Voice

The Enterprise segment posted EUR 170 million in Fixed Voice revenue for 2020, a year-on-year decline of 8.0%. The 2020 revenue erosion was somewhat better compared to last year, with Covid-19 triggering higher customer usage. This was in particular the case for Fixed to Mobile traffic and call routing via VAS numbers. The pandemic also temporarily pushed down somewhat the Fixed Voice churn levels. Over the year 2020, the Enterprise Fixed Voice base was lowered by 38,000 Fixed Voice lines, resulting in a total base of 462,000, a 7.6% year-on-year decrease. This was driven by an ongoing rationalization by customers on Fixed-line connections, lower usage, technology migrations to VoIP and competitive pressure.

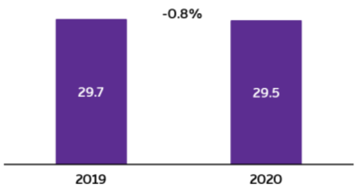
Fixed Voice park ('000)



Fixed Voice revenue (M€)



Fixed Voice ARPU (€)

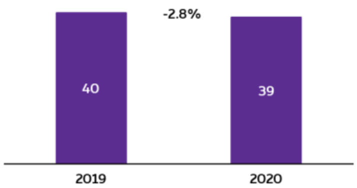


Advanced Business Services

Revenue from Advanced Business Services totaled EUR 39 million for 2020, showing a limited decrease compared to the previous year.

Advanced Business Services contains both Proximus' convergent solutions, and Smart mobility revenue from Be-Mobile, occupying a unique position in the field. Proximus' convergent business solutions continued to gain traction, growing the number of Call Connect customers (PABX in the cloud). Revenue from Smart mobility came under some pressure with for instance parking revenues being exposed to the Covid-19 reduction in circulation.

Advanced Business Services revenue (M€)

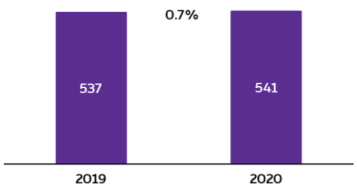


ICT

In spite of the unfavorable operating environment, with the pandemic causing some ICT projects to be delayed or cancelled, the Enterprise segment succeeded in growing its ICT revenue slightly to EUR 541 million for 2020.

Over the past years, Proximus has deployed a successful strategy of expanding its portfolio well beyond pure connectivity services and therefore offers meaningful solutions for the digital transformation of its professional customers. In 2020 the proportion of services related to Hybrid Cloud, Advanced Workplace and Smart Networking in the total ICT revenue improved, offsetting lower revenues from legacy infrastructure products.

ICT Revenue (M€)



Mobile services

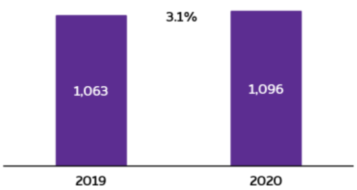
The Enterprise mobile service revenue for 2020 totaled EUR 275 million, a 6.7% decrease from the previous year. This included a significant negative Covid-19 effect with reduced travelling weighing on the Mobile Roaming revenue. This was translated in to the Mobile ARPU, which declined year-on-year by -9.6% to EUR 20.2 for 2020. Besides the roaming headwind, this also included ongoing competitive pricing pressure.

The revenue effect of the lower ARPU was partly offset by an ongoing growth of the Enterprise Mobile customer base. Over the past twelve months, the Enterprise segment grew its mobile customer base by 33,000 Postpaid SIM cards, reaching a total of 1,096,000 cards excl. M2M, a year-on-year growth by 3.1%. Besides a good customer acquisition level, this was also supported by a better churn rate. In spite of the competitive Mobile environment, Proximus' Mobile postpaid churn improved from the previous year by 1.2 p.p. to reach 9.9% for 2020.

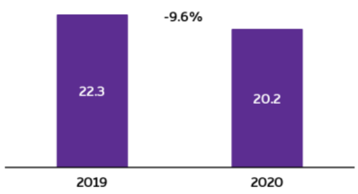
Mobile postpaid cards added (excluding M2M)

+33,000

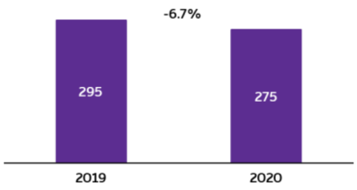
Mobile postpaid cards ('000)



Mobile postpaid ARPU (€)

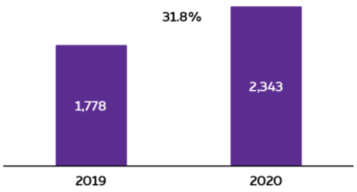


Mobile services revenue (M€)



Proximus' Enterprise segment posted another strong increase in M2M cards, with an additional 566,000 M2M cards activated in 2020. This was mainly related to the Smart metering project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total Proximus M2M base to 2,343,000 by end-2020, a 31.8% increase from one year ago.

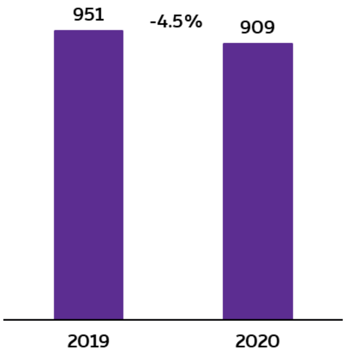
Machine-to-Machine cards ('000)



Enterprise direct margin

Mainly as a result of the ongoing erosion in legacy services among which especially Fixed Voice, in combination with a negative margin impact from Covid-19 the Direct margin was down by 4.5% from the previous year, to reach EUR 909 million for 2020. The 2020 direct margin as a percentage of revenue was 67.3%, down by 0.7 p.p. from a year ago, reflecting the ongoing change in revenue mix; shifting from higher direct margin legacy revenue to higher workforce-driven ICT revenue.

Direct margin (underlying, M€)



€909M
Enterprise direct margin

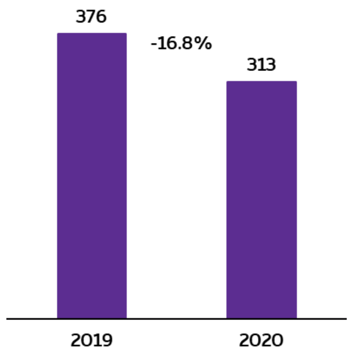
5. Wholesale

For its Wholesale operations, Proximus posted EUR 313 million revenue in 2020, a 16.8% decline compared to 2019.

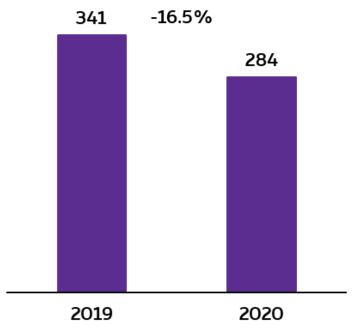
About half of the year-on-year revenue decrease resulted from lower mobile inbound revenue, resulting from an ongoing decrease in SMS usage, emphasized during the Covid-19 lockdowns. The remaining decline was largely due to lower revenue from visitor and instant roaming, which continued to be impacted by Covid-19-driven travel reluctance and bans.

The direct margin for the fourth quarter of 2020 totaled EUR 67 million, a -19.9% decline compared with the prior year, following the revenue trend. This was mostly related to lower inbound margin, which is neutral on Domestic level.

Revenue (M€)



Direct margin (M€)



6. BICS

Note- In view of Proximus acquiring full ownership of BICS, the reporting structure will be adjusted as of 2021, with a restated comparable base for 2020. The new reporting structure, to be adopted as of Q1 2021 might still differ from the structure used below, which is a mere alignment with the BICS announcement on 9 February 2021..

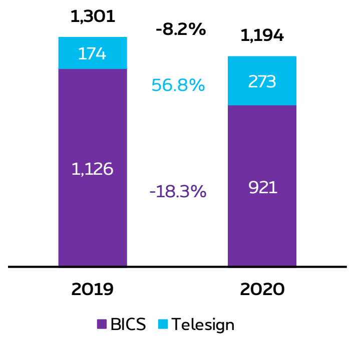
Revenue

BICS operates in the international communications market, which is highly competitive. For 2020, BICS posted an 8.2% decline in its revenue, totaling EUR 1,194 million.

Revenue from BICS standalone declined by 18.3% reaching EUR 921 million, driven by a decrease in revenue from low-margin legacy voice and mobility-dependent (roaming, signaling) services. Revenue from voice services continued its eroding trend in line with the market, reinforced by negative Covid-19 effects on international traffic and due to the ongoing insourcing by MTN of the transport and management of its traffic. Revenue from signaling and roaming showed a year-on-year decline as well, with these services being significantly exposed to the very limited travel across the globe.

Revenue from TeleSign continued its increasing trend, with revenue for 2020 up by 56.8% year-on-year, recording sustained revenue growth in both authentication and mobile identity services.

Revenue (M€)



Direct margin

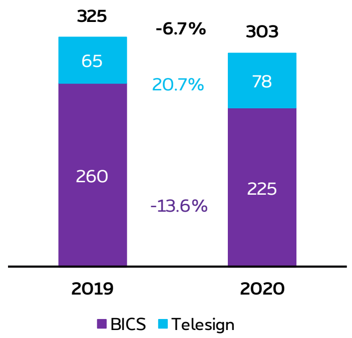
For 2020, BICS posted a direct margin of EUR 303 million, down 6.7% compared to the prior year. Covid-19 effects on BICS' direct margin counted for about EUR -18 million in 2020.

BICS' stand-alone direct margin declined by -13.6% year-on-year, carrying the largest part of the Covid-19 impact, showing in its mobility services (pandemic-related travel drop) and voice. In addition to these adverse Covid-19-related conditions, the underlying direct margin was further impacted by MTN's insourcing process, emphasizing the structural voice revenue decline. In contrast, growth was noted linked to the expansion of BICS' activities in the numbering[5] business.

TeleSign's direct margin increased by 20.7% year-on year, providing solid growth in the domains of mobile identity and authentication, despite some negative Covid-19 fallout.

The direct margin as a percentage of revenue declined by 1.5 p.p. from the prior year to reach 25.4% in 2020.

Direct margin (M€)

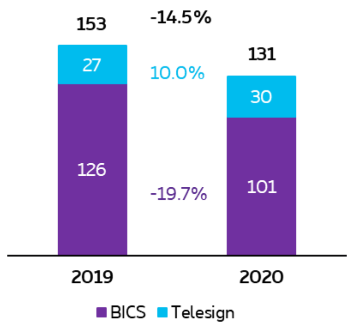


[5] Numbering refers to the sale of local dial-in numbers to cloud players (Skype, Zoom, Twillio...).

EBITDA

The EBITDA of BICS amounted to EUR 131 million, down -14.5% compared to the previous year, following the direct margin erosion. The EBITDA margin as a percentage of revenue further decreased to 11.0%, -3.0 p.p.

EBITDA (M€)



7. Definitions

Adjusted Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives and excluding lease liabilities.

Advanced Business Services: new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.

Annualized full churn rate of X-play: a cancellation of a customer is only taken into account when the household cancels all its plays.

Annualized Mobile churn rate: the total annualized number of SIM cards disconnected from the Proximus Mobile network (including the total number of port-outs due to Mobile number portability) during the given period, divided by the average number of customers for that same period.

ARPC: Average underlying revenue per customer (including Small Offices).

ARPU: Average Revenue per Unit.

Average Mobile data usage: calculated by dividing the total data usage of the quarter by the number of data users of the quarter.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.

Broadband ARPU: total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

BICS: international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%.

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).

Consumer: segment addressing the residential and small businesses (< 10 employees) market, including the Customer Operations Unit.

Convergence rate: convergent customers/small offices take both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent customers/small offices on the total of multi-play customers/small offices.

Cost of Sales: the costs of materials and charges related to revenues.

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Domestic: defined as the Proximus Group excluding BICS.

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.

Enterprise: segment addressing the professional market including small businesses with more than 10 employees.

Fixed Services Revenue: total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).

Fixed Voice access channels: PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

ICT: Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".

Incidental: adjustments for material (**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, and other items that are outside the scope of usual business operations.

These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments, etc.), deferred M&A purchase price, pre-identified one- shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

Instant roaming: reselling of wholesale roaming agreements to third parties in order to allow them to have roaming coverage without negotiating individual local agreements per country.

Mobile customers: refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.

Mobile ARPU: monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.

Multi-play customer (including Small Offices): two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives.

Non-workforce expenses: all operating expenses excluding workforce expenses and excluding depreciation and amortization and non-recurring expenses.

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.

Luxembourg Telco: including fixed & mobile services, terminals & other.

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Revenue-Generating Unit (RGU): for example, a customer with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play customer with 3 RGUs.

Reported Revenues: this corresponds to the TOTAL INCOME.

Terminals: this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.

Underlying: refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

X-Play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

Risk Management Report

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation. A structured risk management process allows management to take risks in a controlled manner. Financial risk management objectives and policies are reported in Note 32 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 34 of these statements. The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. However, this is not an exhaustive analysis of all potential risks that Proximus might be facing.

Enterprise-wide risks

Proximus' Enterprise Risk Management (ERM) is a structured and consistent framework for assessing, responding to and reporting on risks that could affect the achievement of Proximus' strategic development objectives. The Group's ERM covers the spectrum of business risks ('potential adverse events') and uncertainties that Proximus could encounter. It seeks to maximize value for shareholders by aligning risk management with the corporate strategy.

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance.

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance. Proximus' ERM framework has been reviewed and updated in 2019 to align with the market best practices. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee.

The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- Business model and servicing evolution
- Customer experience
- Competitive market dynamics
- Employee employability, new ways of working and engagement

Furthermore, a continuous review of our enterprise risks also led us to add the following risk as a prioritized risk category:

- Impact of Covid-19 pandemic and resulting economic crisis

Business model and servicing evolution

Being largely present in a fast-changing industry, Proximus needs to consistently adapt to new technologies, deploy improved servicing approaches and launch new products. While we are confident that our strategy provides the right answers to these evolutions, it can't be excluded that part of our initiatives do not achieve the expected benefits or lead to lower revenues or profitability than anticipated. This could therefore have a negative impact on Proximus' financial performance.

The Group operates in a fast-evolving market and the profitability of the Group is dependent on its ability to adapt.

Proximus' business model and financial performance have been and will be impacted by (disruptive) technologies, such as SD-WAN, 5G and over-the-top (OTT) services. Proximus' response to new technologies and market developments and its ability to introduce new competitive products or services, which are meaningful to its customers, will be essential to its performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to servicing its customers. For example, for ultra-broadband, fiber-based connectivity Proximus adopts a local marketing approach, in which the sales forces, technical staff and local partners join forces for its fiber deployment project. Proximus also continues to develop the capacity to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud and managed security solutions.

We also announced our plans to embark in a massive proactive migration of our enterprise customers to next-gen connectivity solutions.

Proximus is also mitigating this risk by developing and expanding new local ecosystems, such as our partnerships with press conglomerates to develop our ePress offering, or our partnership with Belfius to develop a leading digital bank. This allows us to develop relevant local solutions for and together with our customers, in order to provide relevant and competitive products and services to the Belgian market.

Even if Proximus is successful in launching these new technologies and mitigating initiatives are effective, the risk remains significant, as those new technologies could generate lower revenues and/or lower profitability than existing / past products and services, and consequentially negatively impact Proximus' top and bottom line. The risk can therefore not be fully mitigated.

Customer Experience

The Group's customer experience may not be able to keep up with customer's fast-changing expectations for customer experience offered by competitors, causing customers to choose for competitors.

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

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

Despite these efforts, providing a superior customer experience remains a challenge due to the fast evolution of market and customer expectations influenced by GAFA and OTT players, challenging Proximus' ability to quickly ingest and develop new digital services through top-notch digital user interfaces and end-to-end customer journeys.

Side by side with the ever-present risk of a bold move from the competition, Proximus may miss new revenue streams and in a worst case lose its premium positioning.

Competitive market dynamics

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, with Proximus being the incumbent. Proximus operates in growing markets (e.g. enterprise campus networks, security, smart mobility and Application Programming Interface (API) platforms), maturing markets (e.g. smartphones), saturated markets (e.g. fixed Internet, postpaid mobile and fixed voice) and even declining markets (e.g. prepaid mobile and enterprise voice).

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) that might impact market value going-forward. In December 2019, the validation of the sale of 51% of Voo (the cable company operating in most of Wallonia and part of Brussels) to private equity firm Providence Equity Partners was announced, yet following a court procedure by competitors Orange and Telenet, this transaction was cancelled and the sale process restarted. This transaction is now expected to be finalized in the course of 2021. It will likely change the outlook and strategy of Voo going forward as a competitor of Proximus. More recently, ICT integrator Cegeka announced the purchase of B2B private network solutions provider Citymesh, strengthening their position in the B2B space. Proximus also recently announced the acquisition of MVNO Mobile Vikings. The acquisition is subject to clearance from competition authorities while a number of new MVNOs have been entering the market, such as B2B operator Sewan and Dutch MVNO leader Youfone.

In the coming years, the market structure could further evolve with the possible entry of a new mobile operator, in addition to the three existing operators and supported by favorable conditions that could be set in the upcoming spectrum auction. Sector federation Agoria estimated, in a study published in 2018, that the possible arrival of a 4th mobile entrant could impact the total mobile market in Belgium with a reduction of 6,000-8,000 jobs and a reduced sector contribution to the state of EUR 200 million – EUR 350 million. The timing of that depends on the execution of the spectrum auction, which is now planned for late 2021 or early 2022. New entrants could potentially push prices down and put pressure on Proximus' pricing model.

The upcoming spectrum allocation procedures, or auctions, also create significant uncertainty in the market. Specifically, the regulator BIPT/IBPT has proceeded with a temporary allocation of 3.6 GHz spectrum, to be used for new 5G services. This procedure saw Cegeka obtain a license for 5G services (prior to its acquisition of CityMesh), further outlining its ambitions in the B2B space. These rights will be valid until the auction of this spectrum. In parallel, the BIPT/IBPT also proceeded with the auctioning of a remaining band of 4G spectrum in the 2.6 GHz band, which was acquired by CityMesh (prior to its acquisition by Cegeka). As part of the spectrum auction planned for late 2021 or early 2022, other parties with similar interests than Cegeka/CityMesh, with a focus on the B2B market, and especially "Mobile Private Network" type of solutions, could also try to obtain spectrum rights. In all cases, the acquisition of spectrum usage rights for telecom services by new operators could put pressure on Proximus' pricing of current and new products and services.

On the residential side, substitution of fixed line services by OTT services (e.g. by apps and social media such as Skype, Facebook, WhatsApp, etc.) and TV content (e.g. Netflix, Amazon Prime Video, Disney+) could put further pressure on revenues and margins as these OTT services continue to gain ground.

As a result of its long-term strategy and continued network investments (e.g. Fiber, 5G, VDSL/Vectoring, and 4G/4G+), Proximus has been consistently improving its multi-play value propositions by, among other things, putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (e.g. Champions League, Disney+, Netflix, …), developing an omnichannel strategy and improving digital customer interfaces (e.g. launch of the new Pickx platform and of the new TV decoder v7 based on AndroidTV). In order to best meet the needs of its customers, Proximus launch in the Summer of 2020 a new convergent portfolio targeted at families, Flex, which aims to provide the right solution in a flexible "build your own pack" approach. Through this successful launch, Proximus has continued to build up an advantageous and solid competitive position providing the company with other levers than just price, reducing the risk to churn and price disruption exposure. Nevertheless, Proximus constantly has to adjust to this moving market. Failure to come up with competitive offers can result in the loss of customers.

The price-sensitive segment, which has continued to rise in 2020 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via Proximus' subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which may further impact revenue and margins.

Since the drivers of these risks are mainly outside of Proximus control, mitigating measures are mainly targeted at limiting the impact.
While we are confident about our ability to compete against a possible increase of competition, the risk remains overall high for Proximus, with a potential impact on both Proximus' top line and bottom line.

Employee employability, new ways of working and engagement

Failure to recruit, sustainably employ and engage a talented workforce could impact the Group's ability to successfully deliver services and products to its customers.

In the digital and disrupting era that we are in today, knowledge workers are a competitive asset if they have the right skills and mindset and remain sustainably employable & engaged. The workplace is also changing faster than ever, in terms of job content, work environment, compositions of teams and new ways of working especially. Proximus could face a shortage of skilled resources in specific domains, such as cybersecurity, digital frontends, data science and agile IT or could face a shortage of resources that are motivated to adopt the changes in their workplace and new ways of working in their daily habits. This shortage could hamper the realization of its ambition to become a truly customer-centric organization and delay some of its objectives in innovation and digital transformation. To make this happen, we need the contribution and engagement of all our employees.

This is why Proximus is putting so much attention on training programs, internal mobility, the hiring of young graduates from relevant fields and employer branding. We give our employees the opportunity to continuously upskill and develop, particularly in the digital field. Because we want to have the right skills in-house to shape the digital economy and society of the future, and to guarantee the employability of our employees. We set up a tailored approach with programs and campaigns for all employees to create awareness and understanding on the impact of digital transformation, and to raise digital savviness. We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. In 2020, employees participated 5,2 days of training on average, representing an investment of 34,56 million for Proximus.

This is also why we foster a culture of empowerment where autonomous and effective collaboration and sharing information is a natural behavior. Enabling this new way of working requires the right digital tools. We therefore offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. In 2020 we continued to roll-out the Microsoft O365 applications, such as MS Teams for more efficient and interactive digital meetings. To get employees on board in these continuous digital workplace changes, we provide training in hard skills and we ensure that our team leaders have strong change-management skills. Continued initiatives on building resilience also enabled employees to better cope with the changes and initiatives to stay connected to one another promoted team cohesion and showing recognition to team members. New ways of working, such as Agile and Design Thinking, leverage employee autonomy and a more accountable way of working. This allows us to create added value for our customers more quickly. We also support a more agile culture by encouraging internal mobility, as we want to ensure that all employees keep on learning and doing a job they like. *In 2020, 2146 employees changed jobs internally. Our restructuring plan, agreed end 2019 and implemented in 2020, has led to an exceptional high number of internal job changes*.

The remaining risks rely on Proximus ability to effectively upskill its workforce in line with future needs, to keep our employees engaged and motivated to learn and be at their best at work; they also rely on Proximus ability to attract the required talents which could result in impairing its ability to deliver its promise towards the customers in terms of products, services required to stay relevant versus competition. If the efforts to increase organization flexibility and agility are not successful, it could lead to a reduction of Proximus' competitiveness.

Impact of Covid-19 pandemic and resulting economic crisis

The Covid-19 pandemic has had significant impact on the world economy in 2020 – resulting in the largest year-on-year GDP decrease since WW2. While Proximus and telecommunications in general were classified as essential services, allowing our operations to continue with limited disruption throughout the crisis, we were still impacted by the temporary closure of shops, as well as through some limited supply chain disruptions. More importantly, the resulting economic crisis, which is only starting to unfold, will impact Proximus' customers financial stability and therefore indirectly Proximus. Furthermore, impact on some of our employees can also not be excluded, as the months-long confinement could lead to increased absenteeism.

Business continuity of telecom operations is critical to society in a case of a pandemic. Proximus also has a societal responsibility to ensure service continuity towards its enterprise and residential customers, both to support critical sectors of the economy to continue their activities and to allow alternative modes of working (such as work from home); but also to allow for and provide in-home entertainment during containment measures.

Proximus' services were therefore considered to be essential during the crisis, allowing us to largely continue our activities despite the restrictions.

We have had challenges through the closure of shops (which were partially offset by an increase in digital sales & servicing), through some supply chain disruptions (mainly delays) and still face a significant decrease in Roaming revenues due to a significant reduction in especially non-EU travel, which is only partially offset by a decrease in Roaming costs. Still, Proximus was able to this date to weather the crisis well, and the financial impact so far was more limited than initially feared.

Still, the likely economic crisis which remains ahead of us may impact a share of Proximus' customer base, especially in the SE and Enterprise segments. Increase in bankruptcies, decrease in revenues for several sectors, and continuing uncertainty regarding the "back-to-normal" timelines could impact the willingness of our customers to invest, and may therefore impact our revenues, though we, at this stage, do not expect any substantial impact on our 2021 revenues.

Finally, it is widely reported that the current situation, with the vast majority of the population, including our employees, in homeworking and largely confined at home, could lead to society-wide psychological impacts. It can't be excluded that this might have an impact on absenteeism in the longer-term, though Proximus has deployed a number of measures to provide support for isolated employees, and to ensure that teams remain connected throughout this longer time-off.

BICS

Longer Covid-19 impact, accelerated disruption of traditional communications together with fierce competitions in all segments without market consolidation may put pressure on gross margins.

The Covid-19 sanitary crisis, and its consequences on trade, tourism and travel in general, has significantly impacted BICS business in 2020.

The roaming related activities (spread over various products like Signaling, Data roaming enablement, Roaming Voice and IoT) have suffered decreases of volumes by 40 to 60 %. In some cases, BICS managed to limit the impact on revenues thanks to fixed pricing and maintained regional / cross-border traffic.

But, thanks to its diversification strategy initiated in 2016, BICS has also enjoyed some benefit of the crisis, by growing its authentication business (delivered by its TeleSign affiliate acquired in 2017) and its number business, in support of the surge of apps usage, Cloud communications and conferencing tools.

Despite this crisis and the fierce competition in all market segments, BICS managed to maintain its position among the top international voice carriers and as number 1 provider of Signaling and roaming data services, while TeleSign managed to grow its revenue by 23 % vs. 2019 and is considered a leader in the Digital Identity market, an area in which the company will further invest in the years to come.

The performance of BICS over the past years has been strongly impacted by the impact of the new MTN commercial contract, combined with the effect of Covid-19 in 2020.

Excluding for these the underlying trend for the business would have been much less negative, demonstrating the success of BICS diversification strategy. At the same time, it will require some time for BICS to fully recover from the Covid-19 impacts as international travel will take some time to return. Part of the business might have also disappeared permanently through the move towards digital communication means. On the longer term, BICS remains exposed to the introduction of disruptive technologies (Voice over LTE/5G, "Over the Top" Omnichannel engagement, etc …) and related charging models for communications and roaming services. To manage those risks, BICS will continue to invest in new growth domains, diversify its customer base, and digitalize its operation to reduce costs. At the same time within certain markets there is the opportunity to consolidate the market and realise substantial cost synergies.

Operational risk

Operational risk relates to risks arising from systems, processes, people and external events that effect the operation of Proximus businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation risks. Depending on the nature of the risk involved and the particular business or function affected, Proximus uses a wide variety of risk mitigation strategies, including adverse scenario stress tests, back-up/business-continuity plans, business process reviews, and insurance. Proximus' operational risk measurement and management relies on the Advanced Measurement Approach (AMA) methodology. A dedicated 'as-if' adverse scenario risk register has been developed in order to make the stress tests relevant.

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

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

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

Resilience and business continuity

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

Building and ensuring the resilience of our network, platforms and IT systems remains a top priority. For critical business functions, business continuity plans have been developed in order to:

- Identify and prevent risks where possible
- Prepare for risks that we can't control
- Respond and recover if an incident or crisis occurs

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

Proximus closely follows the international standards best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit and Compliance Committee.

Security

Increased global cyber security vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of Proximus as well as its customers, partners, suppliers and third-party service providers in terms of products, systems and networks.

The confidentiality, availability and integrity of the data of Proximus and its customers are also at risk. We are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans. In addition, Proximus invests in threat intelligence and security incident response.

Data protection and privacy

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organizations to use personal data for business purposes. Keeping personal data confidential and secure remains a top priority for Proximus.

In 2020, Proximus continued improving its GDPR compliance. Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR e.g. register of processing activities.

To ensure privacy considerations are embedded within its business activities, Proximus has appointed Privacy Ambassadors within the different business units to provide support to the Legal department and DPO office in screening privacy sensitive initiatives. In view of the privacy by design principle, Proximus has defined a structured Privacy Review Process clarifying each step of the process, establishing templates, defining roles and responsibilities,...

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

Sourcing & Supply chain

Proximus depends on key suppliers and vendors to provide the equipment its needs to carry out its business activities.

Supply chain risk management (SCRM) is defined as 'the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity'.

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

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

Legacy Network Infrastructure

The systems need to talk to each other over a connected information highway that can deliver information at high speed and without distortion. There is no doubt that in the coming years there will be a continued demand for ever-greater quantities of data at ever-greater speeds. There is a widely held belief that the increased use of wireless and fiber optic technology will render copper wire obsolete.

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

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

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

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

Environmental risk & climate change

Climate change is high on the agenda due to growing awareness on global warming. The Group Corporate affairs, responsible for legal, regulatory, public affairs, internal audit & risk management, compliance, group communications and security governance & investigations, closely follows the evolution of regional, national, EU and worldwide climate related guidelines, directives, standards and laws. Proximus has a clear policy to reduce CO2 emissions and has integrated its ambition in the #inspire2022 strategy (see chapter 2).

Group Internal Services (responsible for buildings) and Risk Management, together with the Network Engineering and Operations department, regularly assess how extreme climate events could impact Proximus' operations.

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

• Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.

• The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program is in progress of phasing out most of the copper feeder cable in a timeframe of 15 years. An extensive fiber program is phasing out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fiber network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.

• In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.

• Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, … which heavily use aerial last mile networks, both in copper or in fiber. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.

• Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light color and placed outside direct sunlight. A lot of engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studies and optimized

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Risk Management & Compliance Committee

In 2020, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Executive Committee and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions have to be taken by finding a balance between risk taking and cost, in line with the Group's risk appetite.

Proximus has general response strategies for managing risks, which categorize them according to whether the company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable Proximus risk and compliance guidelines.

The RMC's objectives are:

- To oversee the company's most critical enterprise and operational risks and how management is monitoring and mitigating those risks.
- To enhance pending/open internal audit action points which remain open for more than six months.

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

Internal Audit

In line with international best practices requirements Proximus' internal audit function forms an integral part of the Internal Risk Management and Control System and provides assurance to the Audit and Compliance Committee concerning the 'in-control status' of the Proximus Group segments/units/entities and processes. Internal Audit provides independent analyses, appraisals, recommendations, counsel, and information to both the Audit and Compliance Committee and Proximus Management. Therefore, the objectives of the Internal Audit, using COSO, The Institute of Internal Auditors standards and other professional frameworks, are to ensure:

- Effectiveness and adequacy of internal controls
- Operational effectiveness (doing it right) and/or efficiency (doing it well)
- Compliance with laws, regulations and policies
- The reliability and the accuracy of the information provided

Internal Audit helps Proximus to accomplish these objectives through its systematic, disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.

Internal Audit's activities are based on a continuous evaluation of perceived business risks, and it has full and unrestricted access to all activities, documents/records, properties and staff. The Director Audit, Risk and Compliance (Chief Auditor) has a reporting line to the Chairman of the Audit Committee. Quarterly Audit activity reports are submitted and discussed with the Audit and Compliance Committee.

End 2020 Proximus Internal Audit department has been certified by IFACI/IIA. Internal Audit has successfully undertaken an IIA Standard 1312 external quality assessment."

Financial reporting risks

In the area of financial reporting, besides the general enterprise risks impacting the financial reporting (e.g. staff), the main risks identified include new transactions and evolving accounting standards, changes in tax law and regulations, and the financial statement closing process.

New transactions and evolving accounting standards

New transactions can have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment can result in financial statements which do not provide a true and fair view anymore. Changes in legislation (e.g. pension age, customer protection) can also significantly impact the reported financials. New accounting standards can require the gathering of new information and the adaptation of complex (billing) systems. If not adequately foreseen, the timeliness and reliability of the financial reporting could be jeopardized.

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

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

For each new type of transaction (e.g. new product, new employee benefit, business combination), an in-depth analysis is performed from the point of view of financial-reporting, risk-management, treasury, and tax. In addition, the development requirements for the financial systems are defined in a timely manner and compliance with internal and external standards is systematically analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori control. The Audit and Compliance Committee (A&CC) and the Executive Committee are informed on a regular basis about new and upcoming financial reporting standards and their potential impact on Proximus' financials.

Changes in tax law and regulations

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

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

Financial statement closing process

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

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

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

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, and detective controls, where the outcome of the processing is analyzed and confirmed. Special attention is paid to reasonableness tests, where financial information is analyzed against underlying operational drivers, and coherence tests, where financial information from different areas is brought together to confirm results or trends, etc. Tests on individual accounting entries are performed for material or non-recurrent transactions and on a sample basis for others. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Internal control system

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

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

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

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

Control environment

Organization of internal control

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

The A&CC meets at least once every quarter.

Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Conduct "A Socially Responsible Company".

All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles, using the Group values (Collaboration, Agility and Accountability) as guiding principle.

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

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

Policies and procedures

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

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

Roles & responsibilities

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

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

The team of the Corporate Accounting department assumes this accounting responsibility for the mother company Proximus and the major Belgian companies. They also provide the support to the other affiliates. For this centralized support, the organization is structured according to the major (financial) processes. These major processes include capital expenditures and assets, inventories, contracts in progress & revenue recognition, financial accounting, operational expenditures, provisions & litigations, payroll, post-employment benefits and taxes. This centralized support, organized around specific processes and IFRS standards, allows for in depth accounting expertise and ensures compliance with group guidelines.

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

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Skills & expertise

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

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

Risk analysis

Major risks and uncertainties are reported in the caption 'Risk Management'.

Risk mitigating factors and control measures

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

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

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

Reporting and validation of the financial results

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

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

Supervision and assessment of internal control

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

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

Expertise of the Audit & Compliance Committee members

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

A majority of the members of the Audit & Compliance Committee has extensive expertise in accounting and audit.

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

Evolution in research and development activities

The world around us is changing faster than ever before. We are ready for this as research on new technologies and innovation is in the DNA of Proximus.

Fiber as solution for customers' future needs

To prepare customers' future needs, we continuously invest in an innovative high speed fiber network using the newest state of the art fiber technologies. In the frame of our #inspire2022 strategy, we committed to connect 4.2 million homes and businesses to fiber by 2028. The ambition is also to expand our fiber roll-out with the goal of covering the entire Brussels-Capital Region by the end of 2026.

Mobile Leadership

We have a strong track record in pioneering mobile communications, delivering the best possible mobile experience for our customers and we will continue to do so. In 2020, we continued our investments to improve the quality of our 4G network by adopting advanced technical solutions to optimize network performance based on automation and autonomy. In 2020 we have taken big steps in the deployment of 5G in Belgium and launched the first public 5G network.

Our further 5G ambition is to be recognized as the go-to partner for 5G products and services by offering the broadest 5G coverage and highest performing network in Belgium. In order to further accelerate the development of 5G use cases, we launched a dedicated 5G innovation platform. It allows us to work closely with our technological and wholesale partners and enterprise customers, both public and private, to develop relevant innovative solutions that answer today's societal and business needs. Proximus has already built some private 5G networks at the sites of its partners such as Port of Antwerp and Brussels Airport in order to drive innovation and digital transformation. During a pilot phase, various concrete applications will be tested that offer a better insight into the possibilities of 5G in an industrial context.

We do not forget the existing network and the needs of our customers

To continue offering the best customer experience, different transformation projects on the existing fixed network were done in 2020 to increase significantly the network capacity by using the newest high-tech technologies. Also, in home, Proximus is present to support with the newest applications available on MyProximus and novel Wi-Fi technologies such as Smart Wi-Fi and E Wi-Fi. Smart Wi-Fi manages all your connections and adapts to provide you with the best Wi-Fi coverage. E Wi-Fi improves the Wi-Fi experience of our customers by activating (Wi-Fi) software on the modem.

Focus on the customer by acting as a data driven company

The use of automation, advanced analytics and artificial intelligence enables us to offer highly qualified services. With strong personalization and authentication approach, we make our customer smile. We embed digital in everything we do and guide our customers through their journey to become digital, cloud enabled, data driven and end-to-end secure. A digital Proximus Assistant was launched this year to help our customers. The Proximus data centres are evolving to green data centres with high availability using the newest cloud technologies and the most advanced security concepts. Proximus also participates in the taskforce 'Data & Technology against Corona' by providing anonymised & aggregated telecom data to help track people's movements and the spread of Covid-

Trusted curator of TV content

We are a trusted curator of TV content, presenting it through a multiscreen content navigator and delivering novel personalized recommendations. We excel in user experience on our Pickx TV platform by differentiating and keeping a close relationship with our customers. The v6 Proximus decoder has been enriched with several new features.

Thanks to the collaboration with Apple TV, Proximus customers can use the Apple TV app to buy or rent movies, subscribe to Apple TV+ and Apple TV channels, as well as enjoy Apple Music, Apple Arcade and thousands of other apps, including games, fitness and education, all through one device. Thanks to the integration of the Proximus Pickx app, customers get access to the Pickx TV platform, offering a personalized content experience available on every screen.

Things can think too

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus doesn't limit its use of IoT to connectivity. We also support our customers with full end-to-end functionalities & turn-key solutions in various domains with a special focus on Smart Buildings, Retail and Manufacturing. During the Covid-19 pandemic, new digital needs emerged due to the. sudden, restrictions and adoption of new ways of working. We had to swiftly develop or adapt our solutions to support our professional customers with these changes. That's why these three aspects, Smart Buildings, Retail and Manufacturing, were so crucial in 2020.

Open innovation

We exchange knowledge on a market leader in IoT (Internet of Things). With ThinkThings in 2020, we inspired the customers

19. Finally, Proximus is engaged in initiatives where Real Time Crowd Management is needed in order to minimize risks of certain activities such as measuring the crowds at the coast (Westtoer), in shopping areas (Entrance Monitoring, for better managing and controlling the customer flow at the entrance of their shop and in-store). We use advanced analytic and AI too, based on real time performance measurements, assess the stability and quality of our platforms and services, allowing fast detection, root cause analysis and even prevention of degradation.

with new ideas and innovative solutions and demonstrated the enormous potential of IoT and data analytics for the business. Healthcare, Azure Cloud, Edge Computing, Smart Retail and Smart Energy are just some examples of the wide range of topics and technical innovations where we collaborate with partners.

Proximus collaborates intensively with universities and university colleges.

We gain access to academic insights and innovative technologies. In return, academic institutions can use our data, infrastructure and resources to put their ideas into practice. We have ongoing collaboration projects at the ULB/VUB (Brussels), UCLouvain (Louvain-la-Neuve), KU Leuven (Leuven) and UGent (Ghent) in the domains of security, mobile and fixed networking, AI, IoT and digital inclusion.

A good example is the innovative partnership for creating drone-use on demand for business applications.

Proximus, SkeyDrone and DroneMatrix have recently joined forces to develop an integrated platform, allowing drones to perform on-demand missions for business purposes. This platform is called the '6th NeTWorK'.

After a first phase of commercial and technical testing, if successful, the three partners will bring this service to the market in a B2B environment before the end of 2021.

Via exclusive partnerships, we continuously extend and trigger our own research and development done in the different Proximus labs and mastered by our innovation teams.

We act in a sustainable way

Digital innovations will shape the future of our economy and society. Besides increasing the digital possibilities of our customers, we also want to have an impact on societal and ecological challenges.

Sustainability has been an important part of our business strategy for many years. This has ensured that Proximus is internationally regarded as a 'best practice' company for its own sustainability efforts but also for the strict social, ethical and environmental standards that we impose to our suppliers. Proximus has received a gold medal from EcoVadis for its efforts and activities in the field of sustainable development/sustainability for the fourth time in a row and our current score even places us in the top 5% of companies evaluated by EcoVadis

Also, climate change is one of the most pressing issues of our time and a major concern of society. Our ambition is to be a leading company in the fight against climate change and we are committed to further reducing our impact on the environment and enabling our customers to reduce theirs through our products & services. We have set up programs in which we involve our suppliers, employees and customers.

We have made it a priority to provide our customers with a green, reliable network that allows for the best connection quality while reducing its impact on the environment as much as possible by applying the principles of circular economy in the design of the network itself. Our network, like our buildings for that matter, operates exclusively with electricity from renewable sources. And this since we joined RE100, a global initiative bringing together the world's most influential businesses and driving the transition to 100% renewable energy.

In order to adapt to technological developments and to its users' needs, our network is constantly evolving. The accelerated optical fiber roll-out allows to recover copper cables for recycling or reuse for other purposes. Fiber is also beneficial for the environment as it is more energy efficient than copper and has a longer lifespan.

Diversity & Inclusion statement

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

Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through our employees' unique capabilities, experiences and all other characteristics unrelated to someone's abilities, will help us reach a more diverse marketplace and will create sustainable business. It is also important to reflect the diversity of our customers and markets in our workforce.

Therefore, Proximus has a Charter on diversity and equal rights, which applies to all employees of the Proximus Group.

With this policy, Proximus wants to enable conditions in which these differences are recognized and respected and all employees are given equal opportunities.

For Proximus, diversity and equality mean:

- Treating all applicants and employees equally, based only on relevant competencies and objective criteria
- Creating an open and welcoming work environment that encourages contributions from people of all backgrounds and experiences
- Promoting a mind-set of respect and openness throughout all levels of the organization and treating all employees fairly and equally
- Demonstrating behavior free from any form of racism, intolerance, discrimination, harassment or other attitude that could negatively affect the dignity of men and women at the workplace
- Incorporating diversity in all aspects of the way we do business, without any form of intolerance.

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

Diversity & inclusion in our leadership and employees communities

Proximus is particularly conscious of the importance of diversity at all levels of the organization and concentrates on recruiting employees with an inclusion and growth mindset and whose behavior is in line with the company's 4 core values. Once they are part of the company, we ensure that they are the best ambassadors of our company culture by including a part on our inclusion program and philosophy in our on-boarding tool, our welcome days, and in all related training for team leaders, experts, trainees, etc.

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

Within the framework of its CBA 2019-2020, Proximus has also reviewed its policy of gender neutrality, whereby Proximus commits to continue to support the 'Embrace Difference' initiative and to remain open and non-restrictive in its communication, marketing and recruitment campaigns. Proximus has set itself the objective of being the most active company in the promotion of women in the digital world and of recruiting 25% of women with a university degree in technical areas by the end of 2021.

This is why Proximus supports internal and external diversity network activities and initiatives, such as the AfroPean network (APN). We have a Diamond Sponsorship in the 'Women on Board' organization and we've started a partnership with Google, launching the #IamRemarkable initiative within our organization during the worldwide week-long edition of November 2020. At the heart of the #IamRemarkable initiative is a 90-minute workshop that strives to empower participants to talk openly about their achievements in their personal and professional lives, provides them with tools to develop this set of skills, and invites them to challenge the biases surrounding self-promotion.

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

- 38% of the Board of Directors
- 25% of the Executive Committee
- 24% of the members of the Leadership Team
- 31% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 52 nationalities.

Our different cultural values foster inclusion and promote collaboration.

To further support our internal and external diversity & inclusion goals, we formed a D&I Work Group, composed of volunteers of all backgrounds and with different profiles, who are the ambassadors of our program and provide information, resources, and support to promote an inclusive environment with a diverse workforce.

We wanted a safe place to share our experiences and struggles and use those stories to bring further positive change in the way we operate as a company, reviewing both internal processes and the way we affect our communities.

We will keep on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

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

Proximus wants to create conditions that allow its personnel to reconcile the different aspects of their professional and private lives during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home childcare, … These measures enable our employees to work in a safe, inspiring and inclusive workplace, with equal opportunities for everyone, allowing them to combine their personal and professional lives in order to be optimally present and feel supported, motivated and engaged at work.

Proximus is a founding partner of 'Experience@Work'. Thanks to this company, experienced talents from organizations can be deployed in other organizations that are looking for specific experience and/or talent.

The pandemic has massively changed our professional and private life. A series of training and resilience initiatives have been put in place to help our employees cope with change. However, while everyone has tried to find a new balance in the new way of working, the isolation we sometimes feel during this COVID-19 period makes us want to reconnect with others, to continue to find meaning in our work, to feel valued, to reaffirm our place within our team and Proximus, and to be able to look to the future with confidence.

Proximus will also update the brochure of the offer on sustainable employability and will communicate this offer to all workers aged 55+.

In 2021, we will also launch a pilot project for this age group, who are employed at CBU as shop and call center salespeople, to revamp their working regime and reduce their work schedules.

Diversity as part of the Proximus code of conduct

Proximus' sense of purpose consists in opening up a world of digital opportunities, so people live better and work smarter. This also means that we have to earn and keep the trust of our customers, our employees, our suppliers, our shareholders, our partners and the company as a whole.

Successful business must go hand-in-hand with honest and ethical behavior. Each employee has a crucial role to play in this matter. This is why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules that are the foundations of our engagement to be a socially responsible company. The Code of Conduct applies to everyone: Board of Directors, managers and all employees. Although the Code of Conduct cannot directly be imposed on our business partners, we seek to always work with partners that respect the same ethical standards.

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

Human rights

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

These standards are also defined in the Diversity and Equal Opportunities policy that has been reviewed in 2020. With this policy, we want to enable conditions in which differences are recognized and respected, and where all employees are given equal opportunities. This policy is applicable to all active employees of the Proximus Group.

Working conditions

Proximus is committed to creating working conditions that promote fair employment practices and in which ethical conduct is recognized and valued. We maintain a professional workplace with an inclusive working environment, and we are committed to respecting Belgian legislation and the International Labor Organization's (ILO) fundamental conventions.

Proximus recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations. We will not contract child labor or any form of forced or compulsory labor as defined by the ILO's fundamental conventions. Moreover, we are opposed to discriminatory practices and do our utmost to promote equality, diversity and inclusion in all employment practices.

Our working environment standards are applied to every member of our diverse community and are exemplified by all managers, team leaders and employees, who are expected to act as role models in this matter.

Other information

Rights, commitments and contingencies as of 31 December 2020

Disclosures related to rights, commitments and contingencies are reported in note 34 of the consolidated financial statements.

Use of financial instruments

Disclosures related to the use of financial instruments are reported in note 32 of the consolidated financial statements.

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections "Risk Management" and "Internal Control" of this management report.

Treasury shares

Disclosures related to treasury shares are reported in note 18 of the consolidated financial statements.

Capital management

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Post-balance sheet events

Disclosures related to post-balance sheet events are reported in note 39 of the consolidated financial statements.

On behalf of the Board of Directors,

Brussels, 25 February 2021

Guillaume Boutin

Chief Executive Officer

Stefaan De Clerck

Chairman of the Board of Directors