

Management Report Proximus PLC under Belgian Public Law

2022

proximus

Report by the Board of Directors to the annual general meeting of shareholders on 19 April 2023 on the annual accounts of Proximus PLC under public law as at 31 December 2022

Dear Shareholders,

We are pleased to report on the operations of the 2022 financial year and to submit for your approval, the annual accounts per 31 December 2022.

The development and the results of Proximus in 2022

Comments on the annual accounts

Balance sheet

The intangible assets increased by € 469 million to € 2.300 million mainly caused by the fact that Proximus SA acquired different new spectrum licenses, after the auction in 2022, and because of the goodwill from the merger with absorption with Scarlet. Besides this, Proximus invested further in IT assets and broadcasting rights. These investments were partially offset by the amortization of the goodwill from the different mergers by absorption, and normal amortizations.

Tangible fixed assets increased by € 375 million (NBV) to € 3,264 million (NBV), mainly driven by the strong ramp-up of fiber deployment, the mobile network upgrade and consolidation, and the increase of investments in IT Transformation, supporting the Proximus growth and efficiency ambitions.

The participating interests in affiliated enterprises and other enterprises increased by € 270 million to € 2,013 million. On the one hand, Proximus SA increased its capital in Proximus Opal NV and Fiberklaar Midco, and has new participations in Doktr BV, Proximus Ada NV. On the other hand, Proximus SA and Scarlet completed a merger by absorption.

The stocks and contracts in progress increased by € 50 million to € 167 million. The amounts receivable within one year decreased by € 293 million to € 409 million, mainly due an intercompany loan which matured in 2022, less amounts receivable for income taxes, and the payment of a receivable for the transfer of assets to HCL Technologies, Proximus partner for the operation and maintenance of Proximus' private cloud infrastructure.

The investments decreased by € 121 million to € 142 million mainly as a consequence of the revaluation of treasury shares.

The cash increased by € 35 million to € 189 million.

The equity decreased by € 58 million to € 1,565 million mainly due to the Net Income being lower than the distributed profit.

The provisions for liabilities decreased by € 104 million to € 505 million mainly due the discount rate updates and the outgoing payments which impacted the Other Post Employment Benefits.

The amounts payable after one year increased by € 470 million to € 3,349 million as a consequence of the new spectrum licenses that Proximus SA acquired after the auction in 2022, and partially offset by the transfer to amounts payable within 1 year of a loan of € 100 million with maturity date in 2023.

The amounts payable within one year increased by € 481 million to € 3,043 million due to the transfer from the amounts payable after one year for a loan € 100 million that matures in 2023, higher outstanding commercial papers and higher trade debts,

The debts for taxes, remuneration & social security increased by € 73 million to € 342 million, due to higher debts for VAT and withholding taxes.

Per 31 December 2022, the current liabilities exceeded the current assets. However, Proximus benefits from different sources of financing, such as the use of readily available excess cash within the Group, the issuance of short-term notes under its commercial paper program, the use of existing credit facilities and/or the use of its existing Euro Medium Term Notes program.

Income Statement

Compared to 2021, the operating income of the year 2022 increased from € 4,252 million to € 4,353 million mainly due to increased fixed assets own construction, other operating income, and the non-recurring operating income. The turnover increased with € 14 million.

The operating charges increased by € 75 million to € 4,046 million mainly as a consequence of the increase of the raw materials, services and other goods, remunerations and the non-recurring operating charges.

As a result, the operating profit for 2022 amounted to a profit of €307 million compared to a profit of € 281 million in 2021.

The financial income increased by € 92 million up to € 368 million mainly as the result of a higher dividend received in 2022.

The financial charges increased by € 145 million to € 207 million due to the revaluation of treasury shares which led to a loss of € 124 million in 2022 compared to a gain of € 14 million in 2021.

The 2022 earnings before income taxes amounted to € 468 million (vs. € 494 million in 2021).

Corporate income taxes decreased by € 1 million down to € 116 million as a result of a lower tax-based result.

As a consequence, the profit of the year before appropriation amounted to € 353 million in 2022 compared to € 378 million for 2021.

Appropriation of results

We propose the following appropriation (in €):

2022			
Profit of the financial year to be appropriated	+	352.981.697	EUR
Accumulated profit	+	253.549.223	EUR
Profit to be appropriated	=	606.530.920	EUR
Transfers from capital and reserves	+	123.084.705	EUR
Transfers to capital and reserves	-	1.755.954	EUR
Profit to be distributed (dividends)	-	387.008.570	EUR
Other beneficiaries (personnel)	-	23.390.219	EUR
Profit to be carried forward	=	317.460.884	EUR

On December 9th, 2022 an interim dividend of € 161.2 million has been paid.

Right and commitments not included in the balance sheet

Proximus has the right to issue Commercial Paper for a total of € 1,000 million, of which € 478 million was issued end 2022, and the right to issue Euro Medium Term Notes for a total of € 3,500 million, of which € 2,350 million was issued end 2022. On 26 October 2020, Proximus signed a new Sustainable Revolving Credit Facility of € 700 million for a period of three years with the option to extend twice by further one-year periods. Per 31 December 2022, there was no outstanding balance under this Facility.

Risk Management Report

The Group has adopted a risk philosophy that is aimed at maximizing value for our stakeholders by effectively balancing risk and reward. Our goal is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation by allowing risks to be taken in a controlled manner.

Proximus has implemented a risk management methodology that follows ISO 31000 – Risk Management Guidelines and integrates adapted processes, techniques, and tools to identify, assess and manage in due time, risks and opportunities in various domains.

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, financial and ESG (including climate) 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 may face.

Enterprise-wide risks

Proximus Groups 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 objectives. The ERM covers the range of business risks (potential adverse events) and uncertainties that Proximus could encounter. It seeks to maximize value for shareholders by assessing emerging risks and developing mitigating strategies in line with the Proximus Group's risk tolerance. This risk assessment and evaluation is 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 desk research, surveys among management and experts, as well as validation workshops. The resulting report on major risks and uncertainties is then reviewed by the Leadership Squad, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified by the latest ERM exercise, the following risk categories were prioritized (in the following order):

- Monetization of fiber investments
- Inflation
- Competitive market dynamics
- Talent attraction and retention, new ways of working and engagement
- Business model and servicing evolution

Monetization of fiber investments

During the past years, Proximus has launched the deployment of an open, non-discriminatory, and performant fiber network for residential and enterprise customers. This is of major importance for Proximus and while we are confident that this strategy provides the right answer to the increasing need for reliable, fast, and low-latency connectivity in Belgium, 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.

In light of the superiority of the fiber technology and its lower cost to operate, the larger the footprint, the better the business perspectives for Proximus. In collaboration with partners, Proximus aims to deploy fiber in 95% of Belgium by 2032, to:

- Support current and future customer connectivity needs
- Retain and grow current retail market shares across residential and enterprise customers and enable ARPU uplift
- Attract new wholesale market opportunities
- Simplify our operating model and reduce operational costs, by stopping to sell copper as soon as fiber is available and ultimately phasing out copper at the latest five years after fiber deployment

This fiber strategy is endorsed by our stakeholders and by the market and is in line with the network strategies observed in most countries.

However, we face risks to monetize our investments in the short term.

Firstly, there is an operational risk related to a smooth migration of Proximus customers and other licensed operators' customers to fiber, while ensuring best-in-class customer experience to avoid migration churn. Proximus management is monitoring the fiber migration customer effort and fiber customer experience closely and taking corrective actions, among others through dedicated Fiber Migration and In-Home Experience agile teams.

Secondly, pressure on market prices, might make price tiering and upselling more difficult. (see below "competitive market dynamics")

Thirdly, although Proximus is the only player rolling out FTTH at large scale in Belgium today, plans from competitors and utility companies (e.g., Fluvius) to roll-out competing FTTH networks could reduce the profitability of Proximus investments, reduce wholesale prices in the market and impact Proximus retail prices for fiber products.

Beyond city centers, construction costs rapidly increase making the duplication of fiber networks economically challenging. Proximus has joined forces with two experienced industrial and financial Partners (EQT Infrastructure and Eurofiber) to accelerate and expand the fiber rollout in less dense areas to be the first to provide fiber technology. Let's also re-iterate that Proximus fiber network will be fully open and non-discriminatory with the ability to co-use fiber assets with competition and maximize the network utilization.

Fourthly, scaling the number of fiber activations & roll-out can be challenging in a tight labor market. Not finding the right talent to scale up our deployment capacity could lead to delays in roll-out and activations, which could have an impact on the timing of the benefits and the cost of roll-out. Proximus and its partners are taking several measures to mitigate this risk: transfer resources from copper to fiber, increase capacity via outsourcing partners and by upskilling our existing employees, structurally reducing the workload via self-install and flattening out seasonality via pro-active migrations.

Inflation impact has also an impact on the fiber business case, but this risk is addressed in the next challenge.

Inflation

With an unprecedented socio-economic context and inflation levels rates unseen in decades, Proximus rising costs need to be balanced with strong commercial results, price increases and additional efficiencies.

The unique Belgian system of automatic salary indexation to protect employees' purchasing power, and Proximus obligation to index as soon as the pivotal index is reached, led to five salary indexations of 2% in 2022.

Proximus is countering the impact of inflation via price indexations and cost reduction programs.

Long-term relationships with suppliers, contract protections, advanced ordering and multi-sourcing allow to limit the inflationary pressure. The exposure to rising energy cost for 2022 was quite limited. And for 2023, the price for more than 90% of energy needs is already locked.

Proximus committed to an ambitious +€400 Mio gross cost saving program and is looking at ways to increase and accelerate the savings realization without negative impact or even positive impact on customer experience, e.g., through digital adoption. Inability to deliver additional cost efficiencies would reduce profitability.

Should Proximus' brand power not be strong enough, the inability to compensate part of the cost increase through targeted price increases would weigh on margins. Strong commercial results in 2022 and increasing NPS, expected to be further boosted by fiber take-up, are reassuring signs for our future pricing power.

The economic climate could further deteriorate leading to declining spending of customers in both the Consumer and Business market and higher bad debt. Churn and bad debt evolutions are followed up very closely by management, with no worrying evolutions noted so far. Meanwhile payment facilities are offered to struggling customers.

Competitive market dynamics

The Belgian market is an evolving market with changing competitive dynamics that might impact market value going forward. Proximus has demonstrated its ability to adapt to changing market conditions in the past. Failure to continue to adapt and mitigate the impact of a changing market structure and pricing dynamics could significantly impact Proximus domestic EBITDA. It is critical for Proximus to maintain its brand strength and the resulting ability to index prices to compensate for cost increases and to monetize investments.

Proximus' Belgian connectivity revenues are at risk from increased competition particularly in Wallonia & Brussels where Proximus has a large market share. Orange Belgium has signed an agreement to acquire a majority stake in VOO, as part of its convergence strategy and growth ambition. Synergies are expected among others from the transfer of VOO's MVNO business to Orange Belgium's network. The pooling of the companies' skills and the backing of the Orange Group are expected to impact market dynamics.

After a preliminary investigation, the European Commission has opened an in-depth investigation in July of 2022 to assess the proposed acquisition. Telenet and Orange signed two commercial wholesale agreements, providing access to each other's HFC and FTTH networks for a 15-year period, leading to increased convergent competition across the country.

Following the spectrum auction with the conditions favoring a new entrant, Citymesh and DIGI joined forces to acquire spectrum and set up a joint venture for the network company that will allow them to address business and private individuals respectively. DIGI announced a likely commercial start in 2024. Should Telenet sign a wholesale deal with DIGI/Citymesh, it would speed up market access for DIGI/Citymesh and this to the

detriment of Proximus and Orange's shared network. DIGI could potentially push prices down and put pressure on Proximus' mobile pricing model.

To reinforce its fixed network position, Proximus is deploying fiber massively, both in standalone and through partners. This superior technology versus cable will help to mitigate the churn risk, reduce exposure to price disruption and maintain pricing power. Proximus has also been consistently improving its multi-play value propositions, and structurally improving customer experience and customer service, translating in significant NPS gains and reduced churn.

By sharing parts of the mobile network infrastructure with Orange, Proximus benefits from efficiencies in network operations and ensures sustainable investments in new network technologies. Proximus aims for 100% 5G coverage by 2025. Keen on providing the best mobile experience to its customers, Proximus has kept full control of its core network and spectrum assets. Proximus managed to secure more spectrum, in all bands, than other mobile players during the spectrum auctions of 2022. This strength mitigates the churn and pricing risk for Proximus as it allows Proximus to differentiate and guarantee a superior mobile experience for the next 20 years.

On top of leading both in fixed and mobile, the multi-brand strategy of Proximus contributes to the risk mitigation. Scarlet and Mobile Vikings have respectively a very strong NPS on the fixed and mobile markets and a convergent offer complementary to the Proximus brand offer. Scarlet addresses the price-sensitive segment and Mobile Vikings offers attractively priced mobile and Internet to young-at-heart digital-savvy customers.

To meet the objective of 100% population 5G coverage by 2025, Proximus must ramp up the replacement of 4500 Radio Access Network (RAN) with respect of the quality standards. Next to unexpected extra costs of maintaining the legacy network and upgrading it to meet capacity demands, significant delays could weaken Proximus' mobile leadership position. Proximus closely monitors and follows up on the progress with its partners and suppliers.

On the domestic B2B market, Citymesh, as part of European IT company Cegeka, is looking to monetize its network assets. In 2021 Citymesh acquired Engie's IoT network and in 2022 they acquired mobile spectrum through the above-mentioned joint venture with DIGI. NRB also acquired mobile spectrum during the 2022 auctions. This adds to an already cluttered ICT competitive landscape and could impact Proximus strong telecom position and growth prospects in ICT. Proximus' mitigation plan is built around convergent ICT solutions/value proposals, mobile leadership and a differentiated offering around Mobile Private Network.

The drivers of the above risks are mainly beyond 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 high overall for Proximus, with a potential impact on both Proximus' top line and bottom line.

Talent attraction and retention, new ways of working and engagement

Several organizational areas could impact Proximus's group ability to execute its strategic objectives and deliver services & products to its customers: 1) Talent 2) Organizational agility 3) Employee engagement.

Failure to recruit, sustainably employ and engage a talented workforce could impact Proximus competitiveness and make it more difficult to reach its strategic goals. The Belgian labor market is currently under pressure, with an historically low unemployment rate especially in the north of the country in which the war for talent is more intense than ever with difficulties to recruit a broad range of profiles.

To mitigate the risk on talent shortage, Proximus is focusing on training programs and internal mobility. We invest extensively to give our employees the opportunity to continuously upskill and develop, particularly in the digital field, in fiber and in new ways of working (agile). We do this to ensure that we have the right skills in-house to shape the digital economy and society of the future, to support the transformation of the organization, and to guarantee the employability of our employees. For example, we set up a tailored approach with programs and campaigns for all employees to create awareness and understanding of the impact of digital transformation, to raise digital savviness and to stimulate the adoption of the agile way of working. We also offer challenging and ambitious learning tracks to upskill in fields that are critical for employees to stay relevant in their job.

Thanks to our focus on internal mobility, 1324 employees changed jobs internally in 2022. With the growing importance of our international activities, we are now also able to offer international opportunities.

On top of training programs & internal mobility, we invest in our image as a top employer as illustrated with our "Think Possible with us" campaign in 2022 and targeted campaigns, notably for fiber jobs. An employee referral program has also been initiated in 2022. Our newly created Proximus Ada subsidiary helps us grow our talent pool in Data Science/AI and cybersecurity. We also leverage our strong ties with external partners to source the skills we need and develop new sourcing pools, for example with direct sourcing of freelancers.

On organizational agility, if our should not be successful, it could lead to a reduction of Proximus' competitiveness. Next to our continuous focus on change management, we support the agile transformation and the adoption of the agile way of working through dedicated trainings, thorough internal communication and the daily support of agile coaches and scrum masters.

To boost employee engagement, our Think Possible company culture stimulates empowerment and customer-centricity, whilst striving for a positive work-life balance. We also offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device, along with appropriate change management, allowing more flexibility and hybrid ways of working. Diversity, equity and inclusion policies and initiatives further contribute to the employees' well-being and sense of belonging (see "Social statement" p. 160).

Business model and servicing evolution

Proximus domestic financial performance could be impacted by disruptive technologies and new business models. Should Proximus not be able to adapt fast and well enough, it would impact market shares and profitability.

Proximus' business model has been and continues to be impacted by disruptive technologies, such as over-the-top (OTT) services, software-defined networks, artificial intelligence, quantum computing, etc. Through our investments in the best fiber+5G gigabit network, our innovations with local and world-leading partners, our IT transformation to become legacy-free, our digital transformation and our agile operating model, we can respond in an adequate and timely way.

Proximus also continues to develop the capacity to support business customers in their digital transformation, including through proactive migrations to next-gen solutions. (=>strategy chapter for more info)

Additionally, we develop new revenue streams in domestic digital services and ICT and in other geographies in the software space through BICS and Telesign, seizing opportunities brought by technology disruptions.

Next to our own customer dialogue, research and surveys, we actively participate in sector initiatives nationally and internationally to keep up to date with the latest innovations.

On the service side, complementary to in-depth IT transformation to address structural issues, our agile operating model, design-thinking methodologies and digital transformation allows us to react quickly, test and learn and scale-up compelling features improving the customer experience.

Environmental risk and climate change

Climate change has become an important topic for companies due to the growing awareness of global warming.

The Group Corporate Affairs division, responsible for legal, regulatory, public affairs, internal audit and risk management, compliance, group communications, reputation and sustainability, and security governance & investigations, closely follows the evolution of regional, national, EU and worldwide climate related guidelines, directives, standards, and laws.

In 2022, Proximus started integrating climate risk structurally into the Enterprise Risk Management (ERM) processes and conducting a separate climate risk process in the years when the ERM exercise is not taking place.

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

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

We have explored both types of climate change risks and opportunities for our business: the physical ones and those arising from transitioning to a low carbon economy. They were analyzed across a range of three future climate scenarios that project three different temperature paths increase: divergent net zero (+1.5 degrees), delayed transition (+1.8°C) and current policies (+3°C). They were additionally analyzed over three time-horizons: short-term (0-3 years), medium-term (3-10 years) and long-term (10-25 years) in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

The magnitude of impact scales used for the risk assessment was from “low” for impacts with a value less than € 100,000 to “very high” for impacts that exceed € 12.5 M.

In the context of climate change risks, the standard Proximus risk management methodology is applied with the involvement of relevant stakeholders from the Technical, Tax, Legal, Regulatory, HR, Procurement, Strategy, Business operations, and Facilities domains.

The risk assessment process is in line with those set forth in international standards:

- After setting the context and risk criteria, we identify risks via a combination of independent research and collaborative workshops. This results in a short list with applicable, prioritized risks.
- In the second phase, the causes of each risk (likelihood) and the potential consequences (impact) are analyzed and documented. The consequences with direct financial, reputational, or strategic impact are mapped to a scale based on the Business Impact Reference Table. This is a matrix designed to evaluate the impact of an event on the company. It defines categories in monetary value and assesses monetary value of operational and reputational impacts. All risks are quantified and receive a qualitative rating. Next, they are documented in the risk register
- Finally, all prioritized risks are assigned to a risk owner who is responsible for the implementation of action plans, control and regular review. High probability risks and opportunities can potentially be included in our financial plan and/or financial risks and opportunities overview.

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

Risk Causes	Climate change related risk	Policy ambition	Short - term 2022-2025	Medium -term 2025-2035	Long - term 2035-2050
Policy changes	1.. Introduction of climate change related policies by governments These policies could result in a price increase, for example by putting a price on CO2 emitted. Extra flat taxes are also a possibility.	1,5°C	Low	High	High
		1,8°C	Low	High	High
		3 °C	Low	Low	Low
Market	2. Competition for scarce green energy supply Energy prices have seen a massive price increase due to geopolitical reasons. The move away from fossil fuels also has an influence on pricing of energy as green energy is in high demand.	1,5°C	Medium	High	High
		1,8°C	Medium	High	High
		3 °C	Low	Low	Low
Market	3. Increased outsourcing & supply chain risk as they are also exposed to climate change impact Climate change is one of the driving factors influencing the economy. Climate change could trigger pandemics, political uncertainty, raw materials shortage, ... with influence on our partners.	1,5°C	Medium	Medium	High
		1,8°C	Low	Medium	High
		3 °C	Low	Medium	Medium
Reputation	4. External stakeholder perception may not be in line with Proximus efforts Perceived inactivity/inconsistency of a company with regards to climate change can lead to customer churn, missed sales opportunities, lower demand for products & services, regulatory fines, Example: debate around roll-out 5G and climate impact.	1,5°C	Medium	High	High
		1,8°C	Low	Medium	High
		3 °C	Low	Low	Medium
Extreme weather events	5. Infrastructure damage Extreme weather events will become more frequent and widespread, even in unexpected areas. These events will cause major disruption and damage to IT systems and assets.	1,5°C	Low	Low	Low
		1,8°C	Low	Medium	Medium
		3 °C	Low	Medium	High

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

Eco smart products & services	Development of low emission goods & services There's a growing market interest in products-as-a-service and products with a lower footprint in terms of carbon emissions and material usage.
-------------------------------	--

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

Approach of Proximus regarding the identified risks:

1. Introduction of climate change related policies by governments

We track regulatory development to be able to comply with existing laws, such as the relevant aspects of the EU green deal. We assess the impact of these emerging regulations, across operations, supply chains and jurisdictions. In 2022, we made progress towards assessing EU taxonomy alignment and started implementing the recommendations of the Task Force on Climate-Related Financial Disclosures. This information can be found respectively at page 183 and 186.

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

2. Competition for scarce green energy supply

The electricity prices worldwide have skyrocketed in recent months due to geopolitical factors. Climate change is also undoubtedly one of the factors influencing the price. The forced move away from fossil fuels additionally implies a lower guarantee of continuously delivered electricity.

Proximus has committed to use only green electricity is already using 100% green electricity today. To mitigate the supply risk, by 2026, we will work with more local electricity sources through investments in a Power Purchase Agreement, long-term partnerships with Belgian wind and solar plants that match our consumption patterns. We will continue to invest in energy efficiency measures. For example, in the next five years, data traffic is expected to increase by 400%, a growth of 35% per year, resulting in increased energy consumption. To keep the electrical energy consumption flat despite the growing demand, we will implement network energy-saving initiatives.

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

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain. Thus, working with suppliers that could fail to meet Proximus needs, or depending too much on few specific suppliers, may lead to delayed or failed deliveries, loss of revenue, regulatory fines or damage to our reputation. Therefore, we analyze trends in supply and demand for products and services and adapt our offers accordingly. We scan the market for products and services that could help Proximus reach its climate targets. In this regard, we evaluate future acquisitions. We also engage with suppliers and customers. With the biggest remainder of our carbon footprint residing across our value chain, to achieve our net zero ambition by 2040, we will continue to work closely with our suppliers. We will encourage them to reduce their carbon footprints and secure more sustainable supply chains themselves. We already screen the sustainability performance of our suppliers through the Joint Audit Corporation (JAC) and Ecovadis. We have a strict follow-up of critical supplier contractual liability through a holistic Supplier Code of Conduct (SCoC) and rigid Service Level Agreement (SLA) clauses. We are sourcing sustainably: the sustainability component counts for 20% of the tenders we issue. And lastly, we collect declarations of intent: we are signing Circular Manifestos with key suppliers to ensure the alignment of our suppliers with our Science Based Target of 1.5°. However, the Manifesto is only a first step. Through our Supplier Engagement Program, we will set detailed expectations and KPIs for our suppliers and implement clear, binding commitments.

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

We regularly monitor the evolution of our reputation through market research. We put our circularity and CO2 reduction efforts forward in our corporate communication, in our commercial advertising, in our shops, on our packaging, etc.

Sustainability is also a cornerstone of our employer brand. Through internal communication, we turn our employees into ambassadors. And finally, we also communicate our progress on Environmental KPI's on a quarterly basis to investors and analysts.

The above-mentioned validation of our targets by the Science Based Targets initiative (SBTi), our internal sustainability governance and Board oversight add to our credibility (see Corporate governance statement, page 88). Regular stakeholder dialogue allows us to focus our actions and communication efforts on the most material topics for our stakeholders.

Through MyFootprint available on our MyProximus app, we invite our residential customers to track and reduce their own carbon footprint. We engage with peers, public authorities, Belgian enterprise federations (e.g. Agoria) and international sector associations (e.g. ETNO) to encourage collective action and to put forward the positive role of our sector in helping companies and public authorities reduce their environmental footprint. Striking examples are our Smart energy, Smart buildings or Smart mobility solutions. In order to preserve our reputation, all our carbon abatement claims must be supported by credible and verified calculation procedures.

5. Infrastructure damage

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

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

Operational risks

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

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

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

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

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

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

Resilience and business continuity

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

Security

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're taking the necessary actions and making investments to mitigate those risks by employing several measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans.

Proximus cyber security program sets important emphasis on Identity & Access Management, for privileged users, business users, partners, and vendors, on securing Proximus critical infrastructure, API and private and public clouds, on protecting against advanced disruptive malware (such as ransomware) and extending the monitoring and detection capabilities.

Besides that, Proximus invests in threat intelligence and security incident response. Moreover, Proximus operates several Malware Information Sharing Platforms (MISP) that enable the collection and sharing of structured information on cybersecurity threats on a national level with the CERT.be and on an international level with other European telecom operators and the GSMA (an association of 750 operators worldwide).

Proximus actively participates in various cross-industry and international expert groups to stay updated on the latest threats. Collaboration is established in the expert groups of GSMA, Europol, Interpol, Belgian Cyber Security Coalition, European Telecom Operators platform (ETIS), Center for Cyber Security Belgium (CCB), NATO NCIA and FIRST.

Data protection and privacy

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

Proximus began its GDPR compliance journey with a GDPR readiness assessment conducted by an external company back in 2016. Since this exercise, Proximus has continued improving its GDPR compliance.

Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR, e.g. implementing a register of processing activities.

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

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

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

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

Sourcing & Supply chain

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain.

Global instability, logistics disruptions, energy crisis, climate induced natural disasters, etc. increases the risk on our supply chain resilience.

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

We are currently focusing specifically on business continuity related to home and enterprise devices equipment, network infrastructure and construction (chips components shortage). Energy supply and external workforce are also top of our agenda.

Risk mitigation is done via multi-sourcing, tier 2 management, improved inventory management (advanced ordering, better forecasts, etc.), demand reduction and product and process reengineering. Thanks to enhanced Supplier Relationship Management (SRM) we continuously assess risks together with the partnering supplier, hence reducing vulnerability and ensuring continuity.

The relationship with key suppliers is assessed and documented by means meetings, which lay down the common strategies.

Critical suppliers and their sub-suppliers are monitored through a third party-recognized tool, enabling us to quickly react to any kind of disturbance in the supply chain.

Sustainability performance, risk assessments and audits are performed by EcoVadis for national direct suppliers and in the frame of the Joint Audit Corporation (JAC) for major international suppliers.

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

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

Legacy Network Infrastructure

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

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

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

Risk Management & Compliance Committee

In 2022, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Leadership Squad and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions 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 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 which it is adequately compensated for (risk/return optimization).

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

Internal Audit

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

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

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

Internal Audit's activities are based on a continuous evaluation of perceived business risks, and it has full and unrestricted access to all activities, documents/records, properties and staff. The Internal Audit Lead has a reporting line to the Chairman of the Audit Committee.

Quarterly Audit activity reports are submitted and discussed with the Audit and Compliance Committee.

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

Financial reporting risks

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

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

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

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

Changes in tax law and regulations

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

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

The complexity of the legal and regulatory environment in which we operate and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations, changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to our reputation, liability, fines and penalties, increased tax burden or cost of regulatory compliance and impact our financial statements.

Financial statement closing process

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

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

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

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

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

Important events that have occurred after the end of the period

There are no significant events that occurred after 31 December 2022 that required to be reflected in the financial statements.

Circumstances that can significantly influence the development of Proximus

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

Expertise of the Audit & Compliance Committee members'

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

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

Evolution in research and development activities

The world around us is evolving rapidly. As innovation and research on new technologies are in the DNA of Proximus, we are ready to face these changes.

Network

Fiber, enabling innovation

Since the launch of the Fiber for Belgium program, we continuously invested in deploying a high-speed fiber network using the newest state of the art fiber technologies.

Over the last years, massive technical progress has been achieved in the field of quantum communication and in particular, in Quantum Computing. These new computers will be extremely powerful but will also create a “high vulnerability” for private data. To investigate how to mitigate these threats, Proximus has decided to set up a quantum communications lab.

In 2022, the first proof-of-concepts with a technology called “Quantum key distribution” were performed to test the usability and limits of this cutting-edge technology in our fiber network. To support the Belgian ecosystem, we are member of the industry advisory board of the Belgium Quantum Network (BeQuNet), a joint Quantum communication research project by IMEC, UGent, UHasselt and ULB, where we also provide the fiber infrastructure.

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 2022, we continued the consolidation of our Radio Access Network (RAN), confirming positive results in terms of coverage gain, throughput and customer experience.

Our 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. The best way to stimulate the development of 5G use cases is to give the opportunity to our customers and partners to test their projects live. On our dedicated 5G innovation platform, a variety of 5G use cases have been successfully developed and demonstrated in multiple domains, such as industrial applications, construction, entertainment, healthcare, agriculture.

After the opening of a first 5G Lab with A6K in Wallonia end 2021, Proximus signed a Memorandum of Understanding (MoU) with Howest in 2022 for the creation of a 5G lab on Howest’s campus of Kortrijk. Companies from various sectors will be able to discover the possibilities of 5G for their business and develop new applications, in collaboration with Howest students and under the guidance of Proximus experts.

The capabilities to innovate within the 5G domain have been expanded with additional 5G innovation incubators and the successful implementation of technological enablers such as network slicing and radio resources reservation for critical applications.

Electric vehicle charging

The EV charging project is all about transforming our street cabinets into a hybrid "Telco/ EV charging point" infrastructure, helping the Belgians in their move to electric vehicles, by providing more public charging points in densely populated areas.

With fiber deployment we bring the connectivity straight to the home, making a large part of our street cabinets obsolete. These are typically located in dense areas where access to private EV charging points is limited. The first charging points are operational in Mechelen and Oudenaarde.

Proximus ADA

The use of automation, advanced analytics and artificial intelligence enables us to offer highly qualified services.

In 2022, Proximus launched Proximus Ada, the first Belgian **center of excellence combining artificial intelligence (AI) and cybersecurity**. These are two key areas if Belgian society is to meet the challenges of today and tomorrow. The aim is to develop a genuine local ecosystem, thanks to strong collaborations and partnerships with universities, higher institutes of applied sciences, research institutes, associations and the public authorities.

In the meantime, we have delivered a first internal project intending to improve the productivity of cybersecurity analysts in the context of smishing. This use cases analyses SMS reported by the BIPT leveraging various AI capabilities, including computer vision, to then automatically report the smishing cases.

On the pure AI side for internal Proximus needs, we also delivered significant business value through a wide range of use cases. One example is a tool to detect in near real time the quality of fiber installations on customer premise using computer vision. We are now busy extending the analysis to new control points..

Smart solutions

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus does not limit its use of IoT to connectivity.

With our data-driven solutions, we help our customers to innovate by connecting applications and devices, aggregating different data streams, providing insights into their data, or automating processes.

Data analytics and IoT are also proving their value within our society in numerous ways such as solutions to optimize energy consumption, or for a more efficient healthcare.

Smart health

Proximus has strengthened its strategic focus on the healthcare market. Through connectivity, ICT and security solutions and services, Proximus aims to become a major partner in the digital transformation and innovation of the medical industry.

On top of that, with a renewed focus on innovation in healthcare Proximus is participating in the world of extended reality by doing POC's in Virtual Reality (training) and Augmented Reality (remote assist) with some nice customer testimonials as a result.

Smart building and smart energy

Responding to the issue of climate change, Proximus offers IoT solutions and data analytics to help customers make smarter use of energy and reduce their carbon footprints. The energy transition, particularly the contribution of buildings to a more sustainable world, is at the heart of our initiatives. That is why we onboarded new partners, such as Digital HQ, Izix and Aug.e, that enable us to offer our customers a large range of smart building solutions.

E-education

To respond to the growing need for better connectivity in education, Proximus and Signpost, the Belgian market leader for ICT solutions in education, signed a strategic cooperation agreement in April 2021. End 2022, we provided 220 schools with a fiber connection, 16 other schools signed a DSL contract. In order for schools to be ready for the future, the portfolio of 'Academic Connect' will grow with Multigig profiles where additional services will be added. Next to that, we'll roll out 'connected teachers' where teachers and other employees of an 'Academic Connect' school will receive a discount on their residential pack

Open innovation

Proximus believes in open innovation where, together with partners, we combine our assets to create new ecosystems and products which achieve a higher value for all parties involved. Thanks to exclusive partnerships, we continuously extend and trigger our own research & development carried out in the various Proximus labs and mastered by our innovation teams.

Drones

In the field of drones, we are implementing the drone as a service concept in the Port of Antwerp, in the partnership with SkeyDrone and DroneMatrix. We are continuing to develop our partnership with Helicus for the implementation of BVLOS medical drone flights. We will further focus on the implementation of real use cases in the area of image and video processing, analytics and edge computing (with the support & collaboration of Proximus ADA or other potential partners).

Proximus+

Proximus aims to roll out a portfolio of digital services with help of third-party partnerships in five compelling domains within a customer-facing mobile application called Proximus+. Proximus+ will become the gateway to all Proximus digital platforms like Pickx, Doktr, Banx, 4411 and Flitsmeister as well as our e-press services. With help of additional partners, we will fuel new services in domains like My Home, My Circle, My Neighborhood, My Mobility and My Wallet, on top of the existing telco features of My Proximus.

Hence, we will launch a premium mobile app experience that will foster daily relevant interactions. A Beta version of this app is currently available to a limited testing audience of 3000 users and will gradually be opened up to public over the course of 2023. The application will help us to reinforce our premium brand positioning and satisfaction (NPS score), reduce digital advertising and development budgets as well as grow new revenue streams.

Banx

We have continued to improve Banx, the digital app for sustainable banking launched with Belfius in 2021. In 2022, we improved the CO2 dashboard and enriched Banx with new functionalities like Apple Fitbit and Garmin Pay solutions. We have onboarded new reward partners like Bio Planet.

Doktr

In the field of medicine, we further developed the teleconsultation app Doktr, for example by adding the function that enables a patient to also consult his/her regular general practitioner. We continued to develop the ecosystem and signed agreements with Domus Medica, Christelijke Mutualiteit/ Mutualité chrétienne (CM/MC) and Solidaris/SocMut to roll out the Doktr app as widely as possible to patients and care providers. We have also signed a partnership with Cohezio for a pilot in occupational medicine..

International operations

We operate internationally through BICS and Telesign.

BICS

BICS continuously invests in advancing its global communication solutions portfolio addressing both telco, enterprise and cloud segments. Today, BICS is focusing its R&D on delivering 5G services, (e-)SIM and IoT technology, digital communication services and strong fraud, security and analytics offering. BICS continues to monitor market evolution and customer needs to enhance its services, features and overall product portfolios.

Telesign

Telesign has invested considerable time and resources into building a world-class research and development organization that continually enhances its market-leading services.

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

Corporate Governance Statement

Proximus governance model

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the center of ethical dilemmas and we put the right measures in place to ensure our business is conducted ethically. This first of all means having a clear governance model, which for us, as a limited liability company under public law, is imposed by the Law of 21 March 1991 on the reform of certain autonomous economic public companies (“the 1991 Law”). For matters not explicitly regulated by the 1991 Law, Proximus is governed by Belgian Code of Companies and Associations of 29 March 2019 (the “Belgian Code of Companies and Associations”) and the Belgian Corporate Governance Code of 2020 (the “2020 Corporate Governance Code”).

The key features of Proximus' governance model are:

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

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

Deviations from the 2020 Belgian Corporate Governance Code

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

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

Relationship Agreement

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

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

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

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

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

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

Control environment

Organization of internal control

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

The A&CC meets at least once every quarter.

Ethics

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

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

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

Policies and procedures

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

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

Roles & responsibilities

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

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

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

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

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

Skills & expertise

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

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

Risk analysis

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

Risk mitigating factors and control measures

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

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

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

Reporting and validation of the financial results

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

Afterwards, the financial information is reported and explained to the 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.

Composition and functioning of the governing bodies and their committees

Board of Directors

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

Directors are appointed for a renewable term of up to four years. According to the limits for independent directors, defined in article 7:87 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, the maximum term for independent directors is limited to twelve years. The Board of Directors decided in 2021 that this maximum term also applies for the non-independent directors.

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

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

Composition of the Board of Directors:

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

Name	Gender*	Age	Position	Term
Stefaan De Clerck ¹	M	71	Chairman	2013 – 2025
Guillaume Boutin	M	48	Chief Executive Officer	2019 - 2024
Karel De Gucht	M	69	Director	2015 - 2025
Béatrice de Mahieu ³	F	50	Director	2022 - 2026
Martine Durez ²	F	72	Director	1994 - 2022
Audrey Hanard ³	F	37	Director	2022 - 2026
Ibrahim Ouassari	M	44	Director	2021 - 2025
Isabelle Santens ²	F	63	Director	2013 - 2022
Claire Tillekaerts ³	F	66	Director	2022 - 2026
Paul Van de Perre ²	M	70	Director	1994 - 2022

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

Pierre Demuelenaere	M	64	Independent Director	2011 - 2023
Martin De Prycker	M	68	Independent Director	2015 - 2023
Catherine Rutten	F	54	Independent Director	2019 - 2023
Joachim Sonne	M	48	Independent Director	2019 - 2024
Agnès Touraine ⁴	F	68	Independent Director	2014 - 2026
Catherine Vandendorre ⁴	F	52	Independent Director	2014 - 2026
Luc Van den hove	M	63	Independent Director	2016 - 2024

(*) F : Female / M : Male

1 By decision of the AGM of 20 April 2022, the mandate of Mr. Stefaan De Clerck was extended until the AGM of 2025

2 The mandates of Mrs. Martine Durez, Mrs. Isabelle Santens and Mr. Paul Van de Perre ended at the AGM of 20 April 2022

3 By decision of the AGM of 20 April 2022, Mrs. Béatrice de Mahieu, Mrs. Audrey Hanard and Mrs. Claire Tillekaerts were appointed until the AGM of 2026

4 By decision of the AGM of 20 April 2020, the mandates of Mrs. Agnès Touraine and Mrs. Catherine Vandendorre were extended until the AGM of 2026

Activities Report of the Board of Directors and Committee meetings

In 2022, seven meetings of the Board of Directors were held, four meetings of the Audit & Compliance Committee, four of the Nomination & Remuneration Committee and two of the Transformation & Innovation Committee.

Attendance Board of Directors and Committee meetings:

Name	Board (total 7 ¹)	ACC (total 4)	NRC (total 4)	TIC (total 2)
Stefaan De Clerck	7/7	4/4	4/4	2/2
Guillaume Boutin	7/7			
Karel De Gucht	7/7	4/4		
Béatrice de Mahieu ³	6/6			1/1
Pierre Demuelenaere	7/7		4/4	
Martin De Prycker	7/7		4/4	2/2
Martine Durez ²	1/1		1/1	
Audrey Hanard ³	3/6			
Ibrahim Ouassari	7/7			2/2
Catherine Rutten	7/7	4/4		
Isabelle Santens ²	1/1			
Joachim Sonne	7/7	4/4		
Claire Tillekaerts ³	4/6		2/2	
Agnès Touraine	6/7			2/2
Catherine Vandendorre	6/7	4/4		
Luc Van den hove	7/7		4/4	2/2
Paul Van de Perre ²	1/1			1/1

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

1 Extraordinary remunerated Board meetings on 12 May 2022 and 27 June 2022

2 Mandates ended on 20 April 2022

3 Appointed on 20 April 2022

Functioning of the Board of Directors

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

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

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

Committees of the Board of Directors

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

The members of the Audit & Compliance Committee are: Mrs. Catherine Vandendorre (Chairwoman), Messrs. Stefaan De Clerck, Karel De Gucht (as of 1 January 2022), Joachim Sonne and Mrs. Catherine Rutten.

The members of the Nomination & Remuneration Committee are: Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere, Martin De Prycker, Luc Van den hove, Mrs. Martine Durez (until 20 April 2022) and Mrs. Claire Tillekaerts (as of 28 April 2022).

The members of the Transformation & Innovation Committee are: Messrs. Stefaan De Clerck (Chairman), Martin De Prycker, Ibrahim Ouassari (as of 1 January 2022), Luc Van den hove, Paul Van de Perre (until 20 April 2022), Mrs. Agnès Touraine and Mrs. Béatrice de Mahieu (as of 28 April 2022).

Related Party Transactions

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

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

Evaluation of the Board

The Board evaluates its performance and interaction with the executive management at least every three years. The latest evaluation took place at the end of 2021 together with external partner Guberna.

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

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

Leadership Squad

Chief Executive Officer

In its meeting of November 27, 2019, the Board appointed Mr. Guillaume Boutin as new CEO. The CEO is entrusted with day-to-day management and reports to the Board of Directors. The Board has moreover delegated broad powers to the CEO. The contract of Mr. Guillaume Boutin is a renewable six-year fixed term contract that started on 1 December 2019.

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

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

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

Diversity & Inclusion statement

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

Strategic orientation regarding diversity & inclusion

Proximus believes that a diverse workforce, through our employees' unique talents, experiences and all other characteristics unrelated to someone's abilities, will help us reach a more diverse marketplace and will create sustainable business.

Therefore, Proximus has a Policy on diversity and equal opportunities, which applies to all employees.

With this policy, Proximus wants to enable conditions in which individual differences are recognized and respected and all employees are treated fairly and equally regardless of their background.

Diversity is part of Proximus Code of Conduct. 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 mindset of respect and openness throughout all levels of the organization.
- Demonstrating behavior free from any form of racism, intolerance, discrimination, harassment or other attitude that could negatively affect the dignity of men, women and x 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 Code of Conduct and of taking the correct measures in case of non-compliance.

Diversity & inclusion in our leadership and employees communities

Proximus is particularly conscious of the importance of diversity at all levels of the organization. To reinforce our commitment to recruiting employees with an inclusion and growth mindset and whose behavior is in line with the company's four core values, we have put in place a non-discrimination clause for each new application. 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 and feedback culture, the engagement of its employees and their creativity towards the future challenges of a digital world.

Gender mainstreaming

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

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

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

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

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

- Celebration of International Women day on 8 March.
- Celebrations organized during diversity month (May) via various blog posts on the intranet and social networking sites.
- Actions in the framework of the international day against homophobia, transphobia and biphobia on 17 May.
- Establishment of a working group for the drafting of the LGBTQIA+ / gender policy.
- Continued collaboration with Open@Work on the development of an LGBTQIA+ policy.
- Sign-up of a Memorandum of Understanding to confirm our partnership with Open@Work and endorse working towards a more inclusive workplace for our LGBT+ personnel.
- Development of a corporate visual identity, branding and internal communication plan for D&I in collaboration with Group Communications Department and an external agency.
- Participation in the project for the development of the anti-discrimination awareness campaign in the Proximus shops (campaign for tolerance and respect of the public towards our employees).
- Review of the training offer and development of a new module about gender neutral communication.
- Analysis of the remuneration structure by level.

Proximus has set itself the objective of being the most active company in the promotion of women in the digital world and reached its target of recruiting 30% of women with a university degree in technical areas by the end of 2022.

Within the framework of its Collective Agreement 2021-2022, Proximus commits to keep on taking initiatives in this domain and to remain open and non-restrictive in its communication, marketing and recruitment campaigns. Proximus has also taken additional initiatives to communicate its diversity and inclusion vision, strategy and actions via information to the business units' staff, live information sessions that are offered to all employees, internal CEO communications to all employees, different social media and posts on the corporate website of Proximus.

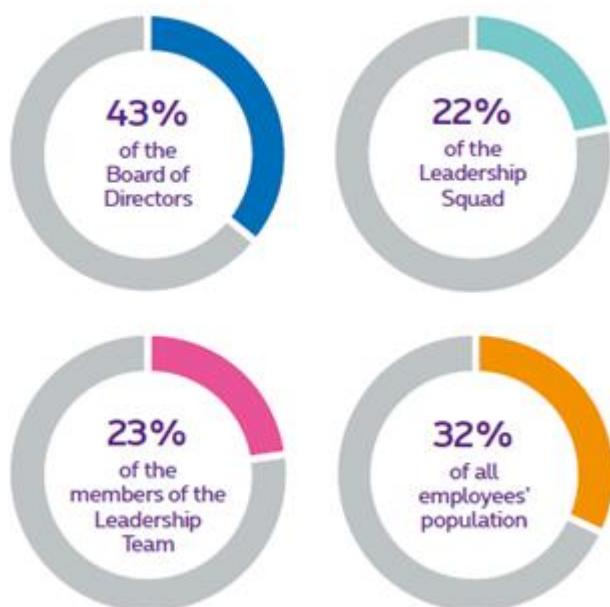
We will also continue to communicate via our diversity & inclusion page that provides information regarding events, celebrations and more on the topic of diversity and inclusion at Proximus and in the wider world.

In 2023, we will also launch an inspiring internal and external employer branding campaign with a focus on raising awareness of our relevant strategy and actions and strengthen Proximus's position on diversity & inclusion.

We have a Diamond Sponsorship in the "Women on Board" organization and we have continued to strengthen our partnership with Google, extending our #IamRemarkable community through the organization of new sessions all year long. 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.

We will continue to form supportive networking groups in order that everyone can feel a sense of belonging within our community.

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



Proximus Group also has a very diverse workforce in terms of culture with 62 nationalities.

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

Proximus wants to create conditions that allow its employees to reconcile various aspects of their professional and private lives with different phases of life by offering opportunities for internal job change and development opportunities, work-from-home, part-time schedules, home childcare, ... These measures enable our employees to work in a safe, inspiring and inclusive workplace, with equal opportunities for everyone, allowing

them to combine their personal and professional lives in order to be optimally present and feel supported, motivated and engaged at work.

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

We offer support to 50+ staff to assist them in their personal development. We offer them the possibility to assess their skills via a personal scan in order to evaluate their competences and aspirations and act on their results should they wish to. We regularly inform our 55+ employees about sustainable employability and the possibilities they have to manage their career goals via an updated brochure available on our intranet.

Human rights

Our superior ethical business practices are defined in the policy on diversity and equal rights that has been reviewed in 2022. 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 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.

Remuneration report

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

Our company is taking particular care to provide relevant and transparent information on the general principles governing its remuneration policy and the level of remuneration of the members of the Board of Directors and of the Leadership Squad. The Proximus Remuneration Policy has been submitted to the General Meeting of Shareholders of Proximus on 21 April 2021 and is available on the corporate website of Proximus ([Remuneration policy | Proximus Group](#)).

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

1. Remuneration of the members of the Board of Directors

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

The principle of continuity with the past has been maintained. The remuneration adopted by the General Assembly of 2004 has remained applicable in 2022 and no substantial change of the policy is expected for the coming years.

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

The CEO is not remunerated for the exercise of his mandate as member of the Board of Directors and of the Committees, nor for any other mandate within the Group subsidiaries Boards of Directors with the exception of his mandate as Chairman of the Board of Directors of TeleSign US, as per American market practices.

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

The non-executive Directors are remunerated as follows:

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

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

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

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

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

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

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

The total amount of the remunerations granted in 2022 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 987,723.

Board of Directors

meetings | attendance rate
7 | **93%**

Transformation & Innovation Committee

meetings | attendance rate
2 | **100%**

Audit & Compliance Committee

meetings | attendance rate
4 | **100%**

Nomination & Remuneration Committee

meetings | attendance rate
4 | **100%**

The overview of the individual gross amounts paid out to the Directors in 2022, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

Directors	Annual fix compensation	Attendance fees ¹	Allowance ²	TOTAL 2022
Stefaan De Clerck	50,000 €	110,000 €	6,223 €	166,223 €
Guillaume Boutin	-	-	-	-
Karel De Gucht	25,000 €	45,000 €	2,000 €	72,000 €
Béatrice de Mahieu ⁴	17,361 €	32,500 €	1,389 €	51,250 €
Pierre Demuelenaere	25,000 €	45,000 €	2,000 €	72,000 €
Martin De Prycker	25,000 €	50,000 €	2,000 €	77,000 €
Martine Durez ³	7,639 €	7,500 €	611 €	15,750 €
Audrey Hanard ⁴	17,361 €	15,000 €	1,389 €	33,750 €
Ibrahim Ouassari	25,000 €	40,000 €	2,000 €	67,000 €
Catherine Rutten	25,000 €	45,000 €	2,000 €	72,000 €
Isabelle Santens ³	7,639 €	5,000 €	611 €	13,250 €
Joachim Sonne	25,000 €	45,000 €	2,000 €	72,000 €
Claire Tillekaerts ⁴	17,361 €	25,000 €	1,389 €	43,750 €
Agnès Touraine	25,000 €	35,000 €	2,000 €	62,000 €
Catherine Vandendorre	25,000 €	50,000 €	2,000 €	77,000 €
Luc Van den hove	25,000 €	50,000 €	2,000 €	77,000 €
Paul Van de Perre ³	7,639 €	7,500 €	611 €	15,750 €
TOTAL	350,000 €	607,500 €	30,223 €	987,723 €

¹ Extraordinary remunerated Board meetings on 12 May 2022 and 27 June 2022

² Annual fixed telecom allowance. For the Chairman, this amount also includes the benefit in kind related to the use of company car, which amounted to 2,223 € in 2022.

³ Mandates ended on 20 April 2022

⁴ Appointed on 20 April 2022

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

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

Total 2018	Total 2019	Total 2020	Total 2021	TOTAL 2022
1,000,499 €	1,243,509 €	1,231,116 €	1,192,366 €	987,723 €
<i>year-over-year variance</i>	+24.3%	-1.0%	-3.1%	-17.2%

2. Global Rewards Program – general vision

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

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

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

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

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

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

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

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

3. Remuneration of the members of the Leadership Squad

3.1. Decision-making process

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

Competitiveness of the remuneration of the Leadership Squad

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

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

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

The market positioning of these remuneration packages is reviewed on a regular basis by benchmarking the remuneration of the members of our Leadership Squad against both the BEL 20 companies (financial sector excluded) and a set of peer companies in the European Telecommunications and ICT sector. This analysis – carried out by specialized external consultants – aims to ensure that the global remuneration of each member of the Leadership Squad remains adequate, fair and in line with market practices and consistent with the

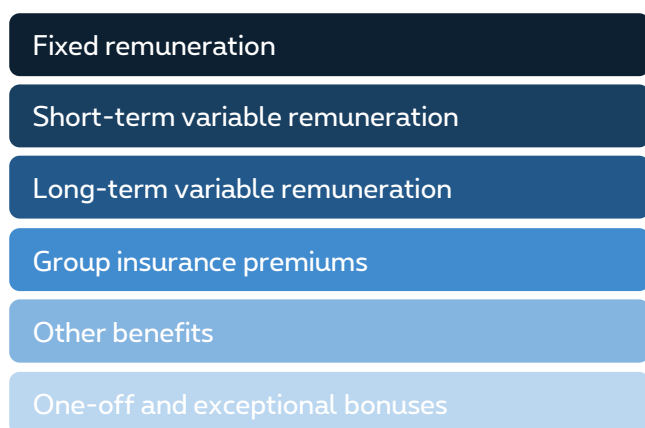
evolution of both his/her responsibilities and the market situation of the Proximus Group in terms of size, scope of activities and financial results.

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

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

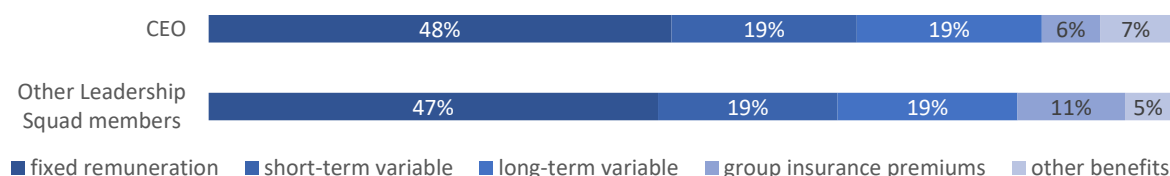
3.2. Remuneration structure of the Leadership Squad

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



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

Relative importance of the various components of the on-target remuneration before employer's social contribution (end 2022)



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

3.2.1.

Fixed remuneration

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

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

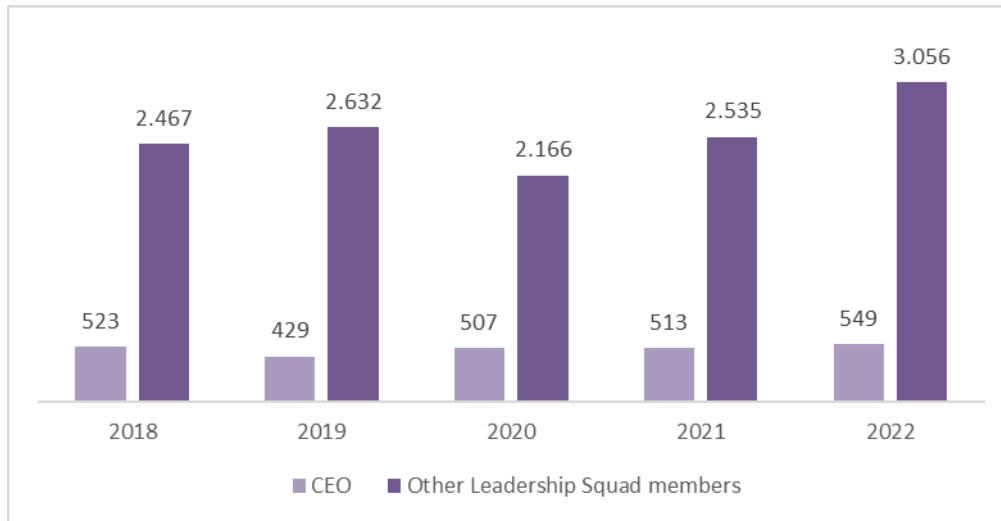
Fixed remuneration in kEUR before employer social contribution over 5 years

As for the CEO, the amounts reported for 2018 were paid to the former CEO, Mrs. Leroy, as for most of 2019 (385 kEUR) while one month in 2019 (44 kEUR) and the amounts reported since 2020 were paid to the current CEO, Mr. Boutin. The increase from 2021 to 2022 is due to the five indexes which had to be applied in 2022. Indeed, Proximus follows the public sector indexation system. In practice, this means that as soon as the pivot index is exceeded, salaries are automatically increased by 2% two months after the index is exceeded.

As for the other members of the Leadership Squad, the increase from 2021 to 2022 is also mainly due to the five indexes of 2022 but is also resulting from the changes in the composition of the Leadership Squad. A role has been partially vacant in 2021 and an additional role has been created at Leadership Squad level in 2021 in order to support our digital transformation and ambitions. A new member has therefore joined the Leadership Squad in April 2021.

Since 2022, fees are paid by TeleSign US to Guillaume Boutin for his mandate as Chairman of the Board of Directors of TeleSign US, amounting to 75,000 USD, as is common practice in the United States. The same way, fees are also paid by TeleSign to a member of the Leadership Squad since 2022 for his mandate as Chairman of a Committee of TeleSign US, amounting to 8,000 USD. These fees are not included in the fixed remuneration reported in this document, which focuses on the compensation items related to Proximus S.A.

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



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

3.2.2.

Short-term variable remuneration

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

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

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

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

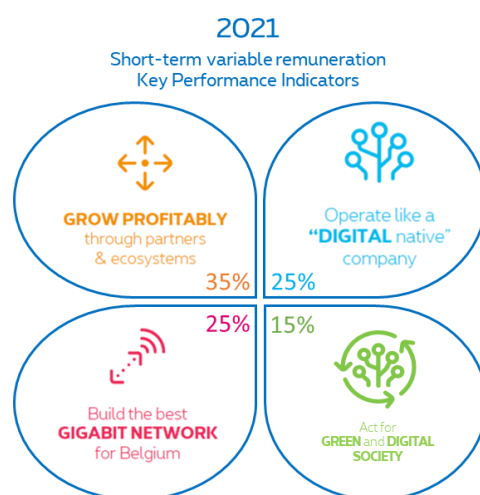
The Group results are therefore highly impacting (for 60%) the short-term variable remuneration of the members of the Leadership Squad, on top of the individual performance (for 40%), and this in line with our company values.

B. Group performance – Key Performance Indicators (KPIs)

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

The amounts of short-term variable remuneration mentioned in current report are the ones paid out to the Leadership Squad members in the course of 2022 and are thus related to the results of the Group KPI's of the 2021 performance year.

The Remuneration Committee recommended the following set of KPI's to the Board of Directors for the 2021 performance year.






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

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

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

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

Strategic Goal 2021	KPI nature	STI KPI 2021	Weight	KPI Definition
	Financial	Business Cash Flow	20%	Amount of Cash generated by the business operations.
	Mixed	Net Acquisition Value	10%	Annualized value generated/destroyed by gains and losses of customers in the mass- and professional markets.
	Financial	Net Indirect OPEX	5%	Net Indirect OPEX spent in the observed year. Defined as the Total OPEX minus a number of specific items.
Digital company	Non-Financial	NPS	5%	Net Promoter Score, computed as the weighted average of NPS results per customer segment.

	Non-Financial	Customer Excellence	10%	This KPI consists of 3 sub-KPI's. They only relate to the Proximus brand, excluding Scarlet. 1. Customer Effort Score Fiber Migration (migration from copper to fiber). 2. Customer Effort Score Support Journeys (Administrative + Technical). 3. Contact Centre Volumes (calls, mails, chats): the increasing volume of digital-first interactions is expected to deflate Contact Centre Volumes and to have a positive impact on customer experience.
	Non-Financial	Digital Company	10%	This KPI consists of 3 sub-KPI's: 1. E-share of Sales: digital penetration of our sales volumes. 2. MyProximus Usage: monthly number of users of the MyProximus App. 3. Pickx Usage: monthly number of Proximus Pickx users (App + Web).
	Gigabit network	Fiber Construction	15%	Deployment of our new Fiber network: incremental number of Fiber Homes Passed realised in the observed year.
	Non-Financial	Fiber Filling Rate	5%	Ratio between the Park of Activate Fiber Homes and the Park of Homes Passed that are eligible for Fiber Activation.
	Non-Financial	5G Deployment	5%	Total number of active 5G sites.
	Green & Digital Society	Green & Digital Society	5%	This KPI consists of 3 sub-KPI's: 1. Returned devices: number of mobile and fixed devices collected for refurbishment or recycling. 2. Recycled Copper Cables: quantity of out-phased network copper cables offered for recycling. 3. Cyber Security Resilience: a measure of our business resilience against cyber security threats.
	Non-Financial	Employees	10%	Measurement of our employees' engagement, agility, empowerment, accountability and strategic alignment with respect to our company.
Total			100%	

Measuring methodology: we all go the extra smile!

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

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

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

C. Individual performance

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

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

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

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

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

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

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

D. Short-term variable remuneration allocation

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

2021 performance year	Objectives of the Short-term variable remuneration		weight
CEO and other members of the Leadership Squad	Group KPI	Sustainable Growth	21%
		Digital company	15%
		Gigabit network	15%
		Green & Digital Society	9%
	Personal objectives		40%
	Total target		100%

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

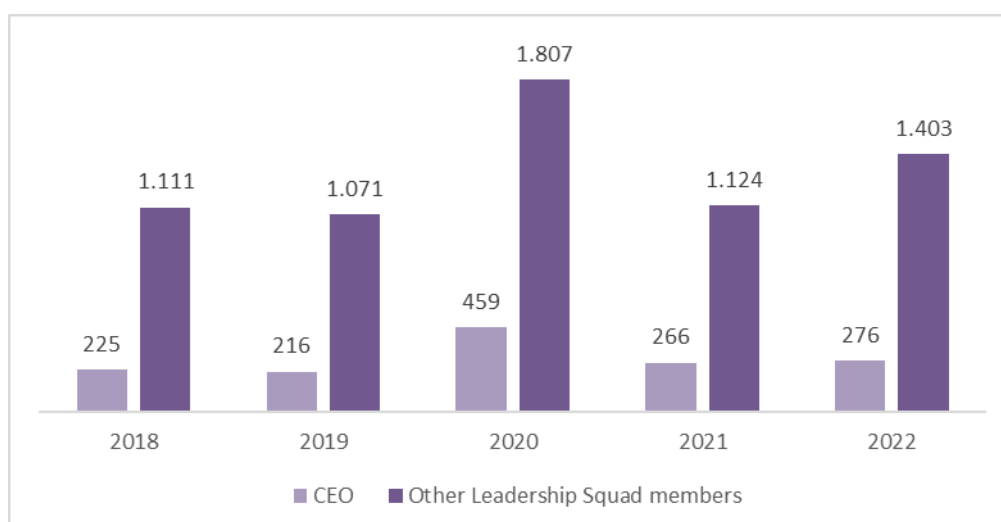
As also stated above, the Board of Directors will always ensure that the total amount allocated for individual performance is in line with the results at Group level, in order to consolidate the interdependence between the individual contribution and the company's performance.

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

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

In 2022, a short-term variable remuneration has been allocated to the CEO for a total amount of gross EUR 276,019. The amounts reported till 2019 were paid to the former CEO, Mrs. Leroy. The amount reported for 2020 included the amount paid to the current CEO, Mr. Boutin (EUR 18,833 gross) but also included the amount (EUR 440,000 gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019.

The total short-term variable remuneration effectively allocated in 2022 to the other members of the Leadership Squad (2021 performance year) amounts to gross EUR 1,402,844. The year-to-year variations are mainly resulting from (i) the variations in the Group KPI results, from (ii) the changes in the composition of the Leadership Squad and from (iii) the exceptional bonus paid in 2020 to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. The reported amount for 2020 also included the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Leadership Squad (before his nomination as CEO).



3.2.3.

Long-term variable remuneration

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

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

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

B. Long-term variable remuneration allocation

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

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

C. Long-term Performance Value Plan

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

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

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

D. Long-term Incentive Key Performance Indicators

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

We keep the future in mind

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





Therefore, in 2022, 4 KPI's have been defined which enhance the sense of long-term and sustainable business vision among Proximus Group's senior management and support Proximus in delivering sustainable Free Cash Flow and improving our brand perception and reputation:

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



The KPI's have been given different weights in the overall Long-term Performance Value Plan framework, in line with their relative importance in terms of long-term sustainability of the Group.

The weight of each KPI has been reviewed with the introduction of the ESG KPI as 4th KPI. A detailed definition for each of the KPI's, as well as their weight factors, can be found in the following table.

LTI KPI	Weight	KPI Definition and Measurement
 <p>Total Shareholder Return</p>	25% ²	<p>This criterium reflects Proximus' long-term competitiveness on the European telecom market by measuring its position against a representative basket of comparable European companies with respect to their Total Shareholder Return. The Total Shareholder Return being defined as the combination of share price appreciation and the dividends paid to show the total return to the shareholder. Current basket of European companies is the following: Deutsche Telekom, Orange, KPN, BT, Swisscom, Telefonica, Telecom Italia, Telenor, TeliaSonera and OTE. This KPI is measured annually, per calendar year, and the annual result is expressed as a percentage between 0 and 175, depending on the ranking of Proximus within the peer group.</p>
 <p>Group Free Cash Flow</p>	25% ²	<p>The Group Free Cash Flow KPI will measure Proximus' healthy financial evolution over the years. Group Free Cash Flow targets are defined by Proximus' Board of Directors in line with the 3-year plan. This KPI is assessed annually against the objectives set and the annual result is expressed as a percentage between 0 and 175.</p>
 <p>Reputation index</p>	25% ³	<p>The Reputation Index is a holistic, measurable and actionable KPI enabling Proximus to fully integrate the concept of reputation into its long-term strategy. It measures the corporate reputation of the company in the perception of relevant external stakeholders, representing long term value creation for these stakeholders. A third-party company measures the annual results which are expressed as a percentage between 0 and 175.</p>
 <p>ESG KPI</p>	25%	<p>This ESG KPI reflects the high ambitions of Proximus to evolve towards a more sustainable society. The KPI currently covers the companywide CO2 emissions reduction but additional ESG metrics will be considered to enrich the ESG KPI, in line with Proximus societal ambitions, strategy and sustainability on the long term.</p>

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

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

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

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

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

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

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

Given Mr. Boutin started his CEO mandate in December 2019, only the long-term variable remuneration allocated to him in the course of 2020 for one month performance in his CEO role is included in the reported granted amount for 2020. Since 2021, the amount allocated refers to full-year performances. The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration. In 2022, a long-term variable remuneration has been granted to the CEO for a total amount of gross EUR 208,073, which will vest in May 2025, therefore cannot be paid before May 2025.

The total long-term variable remuneration effectively granted to the members of the Leadership Squad others than the CEO was amounting to gross EUR 1,097,703 in 2021 and to gross EUR 1,154,000 in 2022. The year-to-year variations are mainly resulting from the changes in the composition of the Leadership Squad.



The CEO and the other members of the Leadership Squad did not receive any Proximus shares nor Proximus stock options over the last 5 years.

3.2.4.

Group insurance premiums

A. Complementary pension

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

Formula for complementary pension of the CEO = 10% * W

W = reference salary = monthly salary multiplied by 12

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

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

N = number of service years expressed in months and years

W = reference salary = monthly salary multiplied by 12

ELP = Estimated Legal Pension = the legal pension ceiling

B. Other group insurances

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

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

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

C. Average premiums cost for the company

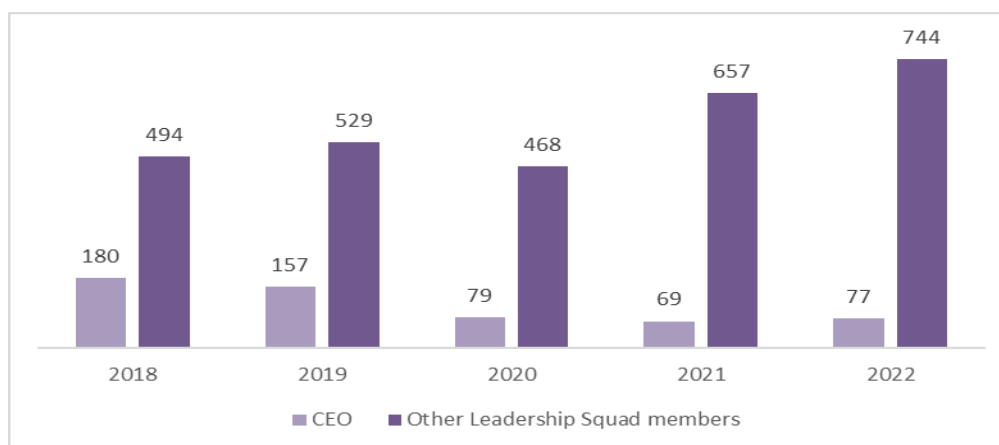
The average premiums paid by our company for the group insurances of the CEO is estimated to 14% of his fixed remuneration.

As for the other members of the Leadership Squad, the average premiums paid by our company for their group insurances in 2022 amounted to about 24% of their fixed remuneration.

Group insurance premiums in kEUR before employer taxes over 5 years

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

The year-to-year variations for the other members of the Leadership Squad are mainly resulting from the changes in the composition of the Leadership Squad.



3.2.5.

Other benefits

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

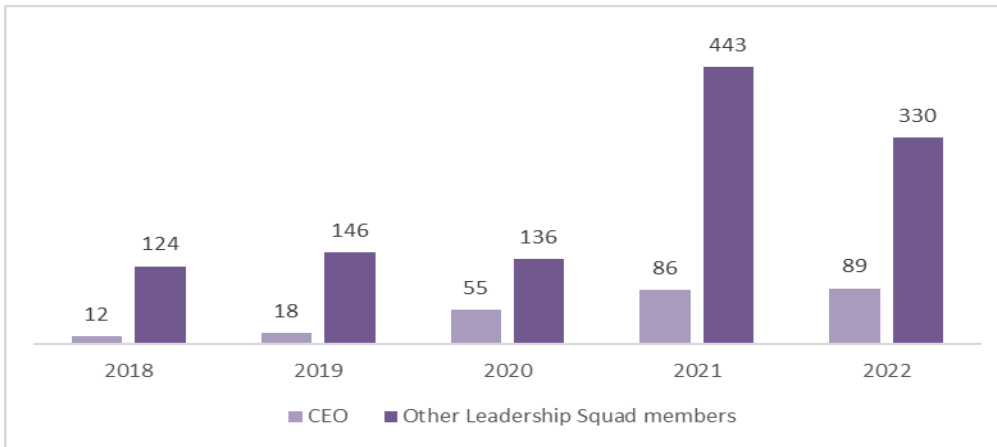
Where feasible, our portfolio of benefits and advantages is tailored and updated in line with our company's ambition to act for a green and digital society. For instance, our mobility program is now focused on clear objectives of a greener fleet and of a wide offer of green alternatives to car use for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

Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages. The ratio versus the fix remuneration can therefore significantly evolve from a year to another. For 2022, this ratio is estimated to 14% for the CEO and to 23% for the other members of the Leadership Squad.

Other benefits in kEUR before employer taxes over 5 years

The amounts reported for the CEO till 2019 were paid to the former CEO, Mrs. Leroy. The amounts reported for 2020 and 2021 were paid to the current CEO, Mr. Boutin. The increase in 2020 of the Other benefits are mainly due to specific advantages related to the foreign executive status of current CEO.

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



3.2.6.

One-off and exceptional bonuses

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

This may be necessary, for example, in the case of additional responsibilities exceptionally assumed by a member of the Leadership Squad when a Leadership Squad position is vacant, or in the event that a sign-on or a special retention bonus would be necessary due to market circumstances. If granted, such bonuses are reported together with the short-term variable remuneration. These possible exceptional bonuses are included in the total short-term variable remuneration amount allocated to the other Leadership Squad members.

3.3. Recovery of undue variable remuneration

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

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

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

3.4. Main provisions of the contractual relationships

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

3.4.1. Contractual arrangement with the CEO

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

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

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

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

3.4.2. Main contractual terms of the other Leadership Squad members

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

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

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

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

3.5. General overview

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

Remuneration overview of the CEO

Please note that for 2020, the current CEO, Guillaume Boutin, received 1/12 of the short- (18.833 € gross) and long-term variable remuneration (18.833 € gross). Since 2021, he is entitled to 12 months short- and long-term variable remuneration (in 2022, respectively 276.019 € gross STI in line with Group KPI's achievements and 208.073 € gross LTI).

CEO	2018	2019	2020	2021	2022
Fixed remuneration	522.810 € 56%	429.498 € 52%	507.492 € 45%	512.537 € 45%	549.015 € 46%
Short-term variable remuneration	225.295 € 24%	215.661 € 26%	458.833 € 41%	265.614 € 23%	276.019 € 23%
Long-Term variable remuneration	0 € 0%	0 € 0%	18.833 € 2%	203.996 € 18%	208.073 € 17%
Group insurance premiums	180.003 € 19%	157.433 € 19%	78.550 € 7%	69.007 € 6%	76.962 € 6%
Other benefits	12.438 € 1%	17.619 € 2%	55.083 € 5%	86.402 € 8%	88.660 € 7%
SUBTOTAL (excl. employer's social contribution)	940.546 €	820.211 €	1.118.791 €	1.137.556 €	1.198.729 €
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
TOTAL (excl. employer's social contribution)	940.546 €	820.211 €	1.118.791 €	1.137.556 €	1.198.729 €

* CEO: All amounts reported till 2019 were paid to the former CEO, Mrs. Leroy. The short-term variable remuneration amount reported for 2020 includes the amount of a deferred short-term variable remuneration (440,000 € gross) paid out to former CEO, Mrs. Leroy, for her performance years 2017 to 2019. The contract of current CEO foresees a short-term variable remuneration target amounting to 40% of the fixed remuneration. The decrease in 2020 of the Group insurance premiums is due to the change of complementary pension plan features with the nomination of current CEO. The increase since 2020 of the Other benefits is mainly due to specific advantages related to the foreign executive status of current CEO. The increase in fixed remuneration in 2022 is due to the five indexes which had to be applied in 2022. The reported fixed remuneration of 2022 does not include the fees paid by TeleSign US for his Chairman mandate (amounting to 75,000 USD).

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

Remuneration overview of the other members of the Leadership Squad

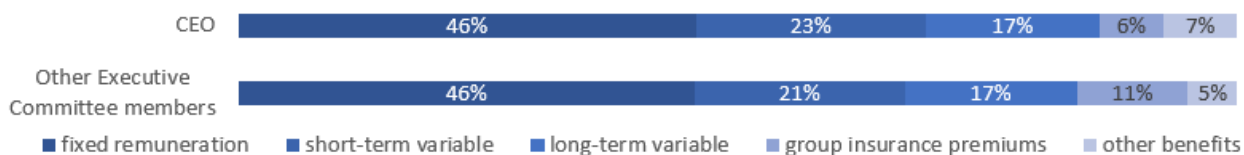
Please note that an additional role has been created at Leadership Squad level in 2021 in order to support our digital transformation and ambitions.

Other members of the Leadership Squad	2018	2019	2020	2021	2022
Fixed remuneration	2.466.946 € 47%	2.632.038 € 48%	2.166.045 € 39%	2.534.773 € 43%	3.055.941 € 46%
Short-term variable remuneration	1.110.745 € 21%	1.070.733 € 20%	1.807.390 € 33%	1.123.605 € 19%	1.402.844 € 21%
Long-Term variable remuneration	1.025.000 € 20%	1.055.000 € 19%	916.375 € 17%	1.097.703 € 19%	1.154.000 € 17%
Group insurance premiums	494.319 € 9%	529.369 € 10%	468.275 € 9%	657.319 € 11%	743.750 € 11%
Other benefits	124.172 € 2%	145.588 € 3%	135.648 € 2%	442.935 € 8%	329.817 € 5%
SUBTOTAL (excl. employer's social contribution)	5.221.182 €	5.432.728 €	5.493.733 €	5.856.335 €	6.686.352 €
Termination benefits	0 € 0%	0 € 0%	0 € 0%	0 € 0%	0 € 0%
TOTAL (excl. employer's social contribution)	5.221.182 €	5.432.728 €	5.493.733 €	5.856.335 €	6.686.352 €

* Other members of the Leadership Squad: the increase of fixed remuneration in 2022 is mainly due to the five indexes which had to be applied in 2022. The increase since 2021 of the Other benefits is mainly due to specific advantages related to the foreign executive status of several members and the recruitment of two of them. The reported fixed remuneration of 2022 does not include the fees paid by TeleSign US to a member of the Leadership Squad for his Chairman mandate in a TeleSign US Committee (amounting to 8,000 USD).

The roles acted ad interim as CEO or as other member of the Leadership Squad are not taken into consideration for current report. All these amounts are gross amounts before employer's social contribution

Relative importance of the various components of the remuneration effectively allocated in 2022 before employer's social contribution



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

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

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

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

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

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

4.1. Pay ratio and pay evolution

The Pay ratio portraying the gap between highest and lowest paid remuneration in the company (Proximus S.A.) on a full-time basis is equal to 27,9 in 2022. This ratio is measured by comparing the highest (the CEO one) and lowest remuneration, taking into account the total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions. Taking the fees paid by TeleSign US to the CEO for his Chairman mandate into consideration would bring this ratio to 29,6.

Considering the scope of our organization, where everyone has a role to play but with very different levels of strategic responsibility, such a ratio is consistent and below market practices⁴.

Below table aims at portraying the evolution of the average remuneration on a full-time equivalent basis of the company's employees (other than members of the Board of Directors and of the Leadership Squad) between 2018 and 2022.

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

	2018	2019	2020	2021	2022
Average remuneration *	77.786 €	81.802 €	86.677 €	87.400 €	93.471€
Year-over-year evolution		+5%	+6%	+1%	+7 %

* The average remuneration is measured by comparing the personnel costs – as published in the Social Balance sheet (code 1023) of the Annual Accounts of Proximus SA of the involved year – with the number of full time equivalents employees of Proximus SA at the closing date of the period (Leadership Squad excluded).

The Pay ratio portraying the gap between the CEO's remuneration and the average remuneration of the company's employees is equal to 12,9 in 2022. Taking the fees paid by TeleSign US to the CEO for his Chairman mandate into consideration would bring this ratio to 13,7.

The year-over-year evolution (2022 vs 2021) of the CEO total target remuneration and the average remuneration of the company's employees is respectively +9,8% and +7%. Those increases are due to the five indexes which had to be applied in 2022.

4.2. Company performance

Below table shows the company's performance between 2018 and 2022.

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

(EUR million)	Underlying revenue		Underlying EBITDA	
2022	5.909	+7,8%	1.786	-2,7%
2021	5.578	-1,9%	1.772	-5,2%
2020	5.479	-3,6%	1.836	-1,8%
2019	5.686	-2,1%	1.870	+0,3%
2018	5.807		1.865	

For more information, please see the Proximus Financial Report.

⁴ According to an analysis on the BEL20 published Remuneration Policies and Reports published by Willis Towers Watson – based on 17 remuneration reports published by 7 June 2022 – the median of the disclosed pay ratio between the highest and the lowest remuneration was of 42.9 for 2021.

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

5.1. Application of the Remuneration Policy and derogations

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

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

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

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

5.1.1. Shareholders votes on previous Remuneration Report

The Remuneration Policy document detailing the general principles governing our company remuneration policy applicable to the members of its Board of Directors and its Leadership Squad has been submitted to the votes of our shareholders at the General Assembly of April 20, 2021. The shareholders have shown their support and confidence in our Remuneration Policy by a very substantial majority (97.5%), which strengthens the choices we have made in this domain for the future.

The Remuneration Report of 2021, submitted to the votes of our shareholders at the General Assembly of April 20, 2022, has been approved by 75.5%. This result has prompted us to adopt even more transparency in this report and to go further in the readiness and the level of details of the disclosed information, as the opinion and trust of our shareholders matters much for us.

Position of conflicting interest

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

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mr Guillaume Boutin, declared during the Board of Directors of 17 February 2022 to have a conflict of interest in connection with his performance evaluation for 2021, item on the agenda of that Board meeting.

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

“CEO Performance Year 2021: Short- & Long-Term Variable Pay

In accordance with article 7:96 of the Code of Companies and Associations, the CEO, Mr Guillaume Boutin, informs the Board and the external auditor having a conflict of interest in connection with his performance evaluation for 2021. The Board takes note of this conflict of interest and will include the necessary statement in the management report of Proximus relating to the year 2021.

The CEO leaves the meeting.

STI

The Board decides to grant the following STI reflecting at best the individual performance of the CEO in 2021

SHORT term incentives	Performance year 2021	60%	40%
		Group KPI result	individual perf.
Effective	275 488 €	142 322 €	133 166 €

LTI

The Board decides the grant to the CEO an LTI at 100% of the target.

The Long-Term Variable Pay will be granted to G. Boutin in 2022 through Performance Values which will vest on May 1st, 2025 and will be paid out in May 2025 according to the result of the performance criteria.

This closes the conflict of interest.”

Mandates exercised in companies in which Proximus participates

The mandates exercised by members of the Leadership Squad and employees of Proximus within companies, groups and organisations in which Proximus participates or to which it contributes to the functioning, are not remunerated, with the exception of the fees paid by TeleSign Corporation to the CEO for his chairman mandate (75,000 USD) and the fees paid to a member of the Leadership Squad for his mandate as Committee chairman of TeleSign Corporation (amounting to 8,000 USD).

Participations	Members on 31/12/2022
PROXIMUS OPAL SA	K. Van Parys D. Lybaert
BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) SA	G. Boutin D. Lybaert M. Reid J. Van Acoleyen
TORINO HOLDING CORP.	D. Lybaert M. Reid K. Winderickx
TELESIGN HOLDING Inc.	D. Lybaert M. Reid K. Winderickx
TELESIGN CORPORATION	G. Boutin D. Lybaert M. Reid K. Winderickx
CONNECTIMMO SA	K. Depoorter S. De Clerck P. Delcoigne N. Gaertner
PROXIMUS LUXEMBOURG SA	J. Castele V. Licoppe M. Lindemans A-S. Lotgering R. Tilmans C. Van de Weyer K. Van Parys V. Vermeire
PROXIMUS LUXEMBOURG INFRASTRUCTURE SRL	O. BLAMPAIN
TELINDUS-ISIT BV	C. Crous T. Defraire P. Van Der Perren C. Van de Weyer
PROXIMUS MEDIA HOUSE (PmH) SA	J. Castele
BELGIAN MOBILE ID SA	A-S. Lotgering
PXS RE SA	B. Defieuw
BE-MOBILE SA	M. Lindemans J. Manssens J. Van Acoleyen

CASCADOR SRL	D. Lybaert (permanent representative of Proximus Opal S.A.)
PROXIMUS ICT SA (previously Proximus SpearIT SA)	M. Lindemans A-S. Lotgering C. Van de Weyer
CLEARMEDIA SA	G. Kelchtermans S. Huijbrechts C. Van de Weyer
DAVINSI LABS SA	C. Crous P. Van Der Perren C. Van de Weyer
CODIT HOLDING SRL	C. Crous P. Van Der Perren C. Van de Weyer
TESSARES SA	W. Bouckenoooghe
CO-STATION SA	K. Cuveele J. Sonck
MOBILE VIKINGS SA	J. Castele G. Goethals D. Van Eynde
MWINGZ SRL	D. Lybaert M. Reid J. Van Acoleyen
i.LECO SA	A. Lorette P. Wauters
ADS & DATA SA	B. Vandermeulen
UNIFIBER MIDCO SA	G. Standaert C. Schoorman
FIBERKLAAR MIDCO SRL	G. Standaert R. Tilmans G. Guévar K. Winderickx
DOKTR BV	E. Bombeek T. Hernalsteen J. Manssens

<p>PROXIMUS ADA BV</p>	<p>J-L. Clarot F. Clément S. Cox H. De Doncker A. Mastroianni F. Michaux F. Weber Y. Saiyid</p>
------------------------	--

The other exception to the non-remunerated mandates of management in companies in which Proximus participates, is hereby disclosed in accordance with the article 4 of the law of 3 September 2017 regarding a.o. the non-financial information. The remunerated board mandates exercised by non-Proximus employees are the following:

- Annual Remuneration of Mrs. Françoise Roels as board member of Proximus media House SA: 13,000 EUR.
- Annual Remuneration of Mr. Philip Taillieu, representing Avantix BV, as board member of Be-Mobile SA: 15,000 EUR.

Miscellaneous

Branches

Proximus SA has no branches.

Use of financial instruments

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

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

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

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

Members of the Joint Auditors

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

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

Auditor responsible for certifications of the consolidated accounts of Proximus Group

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

In conclusion

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

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mr. Martin De Prycker as candidate independent member of the Board of Directors which corresponds with a renewal of his mandate until the annual general meeting of 2027.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mrs. Catherine Rutten as candidate independent member of the Board of Directors which corresponds with a renewal of her mandate until the annual general meeting of 2027.

On recommendation of the Nomination and Remuneration Committee, we nominate in accordance with article 18 of Proximus' bylaws, Mrs. Cécile Coûne as candidate independent member of the Board of Directors for a period expiring on the date of the annual general meeting of 2027.

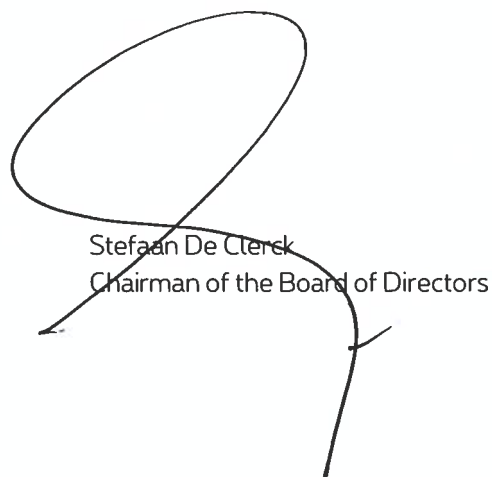
Yours truly,

On behalf of the Board of Directors,

Brussels, 16 February 2023.



Guillaume Boutin
Chief Executive Officer



Stefaan De Clerck
Chairman of the Board of Directors