



Integrated
annual report

2021

proximus | group

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Integrated reporting approach 2021

Since 2020, Proximus has been adopting an integrated reporting approach. This 2021 report follows the International Integrated Reporting Council (IIRC) framework, explaining how we create value for our stakeholders and society, and in relation to our ambitions, sense of purpose and goals.

Our stakeholders include all the individuals and organizations affected by our operations or with whom we have a relationship. They include but are not limited to enterprise and residential customers, investors, employees, political and regulatory stakeholders, suppliers, partners, journalists and opinion leaders.

The scope of the information in this report covers the Proximus Group, unless stated otherwise. Proximus Group comprises Proximus SA, its subsidiaries, as well as the Group's interest in associates and joint ventures accounted for under the equity method and joint operations. We refer to Note 8 (p.218) for the list of subsidiaries, associates, joint ventures and joint operations. Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium.

The purpose of this report is to inform our stakeholders about our role in society. We outline our corporate strategy and the progress we have made in achieving our goals, linking with our updated material topics. The third chapter, "Manage for impact, manage responsibly", presents the company's results with regards to its financial and non-financial performance. Detailed performance data is provided throughout the report.

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

From this reporting year onwards, Proximus will also integrate the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) to emphasize its efforts in identifying and mitigating climate-related risks and opportunities. We see this as the first step of an important journey. More efforts will be allocated to the further integration of TCFD recommendations in the coming years.

Proximus intends to align with the EU taxonomy and therefore this year already discloses the eligibility of its economic activities, these are activities of Proximus that could be assessed on their sustainability under the EU taxonomy regulation. This year, the EU taxonomy criteria only define activities that best contribute to fighting climate change.

Proximus completes several questionnaires from ESG rating agencies such as CDP, Sustainalytics, Ecovadis, S&P, FTSE4Good and MSCI. Our ambition is to continuously improve our performance in our sector.



Dive deeper into our stories

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

[→](#) Read more

[↗](#) External link

Proximus at a glance

- 5 Foreword from our CEO and our Chairman
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Together towards a more sustainable digital life

Dear reader,

The year 2021 was once again marked by Covid. The fight against this unprecedented pandemic has had an impact on us all, both in our personal and professional lives. Proximus, clearly, is no exception and our employees and teams have shown tremendous resilience in their efforts to keep up the level of service our customers expect from us.

Although the Covid crisis certainly confronts us with challenges we had never imagined, it also offers us a unique opportunity to reinvent ourselves and rethink the world around us. Let's take an example that Proximus knows well, the digital world. We are convinced that the traditional, global, deregulated digital platform models will gradually be challenged, or at least face competition from innovative and more local initiatives. Today, people aspire to lead a digital life that is based on models close to their concerns and in which they can have confidence. This tells us how important it is for future digital services, whether in education,

health or e-commerce for example, to also be developed in Europe and Belgium by local players and ecosystems. Asking ourselves which platforms we want to support to shape the world of tomorrow is also about how we want to live as a society.

Getting everyone connected

We cannot talk about a digital society without talking about future-proof connectivity. This will be a combination of fiber, 5G and technologies such as cloud and edge computing. They are what we call the networks of the future: they are the operating system of our economy and digital life, with infinite potential. We want them to be open to us all and benefit us all. That is why we invest more than one billion euro each year in our networks to roll out fiber and 5G throughout Belgium, while guaranteeing our customers a very high level of security. Our ultimate ambition is to reach 99% 5G coverage by the end of 2024 and 100% gigabit coverage in Belgium.



Stefaan De Clerck | Chairman

Guillaume Boutin | CEO

Encouraging the emergence of local ecosystems

There is no getting away from digital, so being able to put our digital life and our data in the hands of actors we trust is a crucial concern. As we see it, our digital life needs to reflect our own life, our own needs. A life that is more local, more secure and more responsible, in which major Belgian brands, visionary entrepreneurs and strong local companies will build ecosystems to drive the next wave of innovation.

Of course, Proximus intends to be up there on the crest of this wave. More than ever, we set out to partner up with Belgians in their digital day-to-day lives. With the launch of Doktr and Banx this year, we are very much on the right path. We also steer our business customers through their digital transformation by innovating with them, making the most of our new 5G innovation platform.

A player with a human face

The human face of Proximus is first and foremost the thousands of colleagues who give their best throughout the year, whether in our stores, in our contact centers, in the field or in the office. And we know what a difference this human touch can make in the digital world. Not only does it contribute to a better customer experience on a daily basis. More importantly, however, our presence has also been essential in the unusual circumstances we have experienced this year.



We want our networks to be accessible to everyone, ensuring that no one is left by the wayside.

Our teams have continued to make outstanding efforts in the fight against Covid. In record time, they equipped vaccination centers with connectivity and IT solutions.

During the terrible floods in the summer of 2021, our technicians worked hard for long days and nights to restore our infrastructure in the stricken areas. This enabled those affected to reconnect with their loved ones and businesses to resume their activities.

Responding to social issues

At Proximus, we want the new high-performance networks we are deploying to be accessible to everyone, ensuring that no one is left by the wayside. To follow through on our promises, in September 2021, together with public authorities, companies and social organizations, we signed the Digital Inclusion Charter, demonstrating our joint commitment to reducing the digital divide in our country.

Responding to social issues also means systematically taking account of our impact on the climate. It is our responsibility as leaders to set a good example by integrating sustainability into all our actions. We are also very proud that Proximus has joined the European Green Digital Coalition, which is aimed at achieving zero net carbon emissions by 2040, 10 years ahead of the target set in the Paris Agreement.

Making Proximus the reference digital employer

As the war for talent will only intensify in the coming years, it is essential that a group like Proximus offers its employees a stimulating and inspiring work environment that values diversity, inclusion, collaboration and responsibility.

This is our way of promoting continuous development of our employees, especially as to technologies of the future, and offering attractive opportunities for digital talent.



It is our responsibility to integrate sustainability into all our actions.

To accelerate our transformation into a truly customer-centric digital company, we have decided to embrace agile working methods. This approach allows us to focus more on what matters to customers and deliver innovative solutions faster.

In the coming years, we will also be adapting our workspaces - both in Brussels and in our regional offices - towards a 'campus' style, which is more conducive to human contact and collaboration.

Transforming Proximus for the future

As you will discover by reading this annual report, the year 2021 has been particularly rich in terms of realizations for Proximus. Driven by the #inspire2022 strategy, our teams have accomplished remarkable work, despite the complicated context linked to Covid.

Looking in the rearview mirror, it is impressive how far we have come in the past twelve months. We have dramatically accelerated the pace of fiber roll-out to become one of the world's most

successful operators in this field. We have continued to transform and modernize our internal IT tools to make Proximus a truly digital, customer-centric company. We are gradually returning to growth in our Consumer and Enterprise segments, thanks to our convergent brands and offers, our strategic partnerships and our capacity for constant innovation. We have held up well in the business market while continuing to transform at a steady pace. The issue of our first green bond was a huge success.

In addition to our performance in the domestic market, we also ramped up Proximus' international position. We acquired all the shares in our subsidiary BICS, giving us the flexibility to implement the growth plans of BICS and TeleSign. What's more, at the end of December, TeleSign announced its intention to go public in 2022.

Tomorrow's world will inevitably be more digital. Thanks to our #inspire2022 strategy, it will also be more human, more local, safer and more sustainable.

This is our commitment to you all! #thinkpossible

Guillaume Boutin,
CEO

Stefaan De Clerck,
Chairman of the Board of Directors



Who we are and the value we create for society

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

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

As a major economic player in Belgium, we want to create a positive impact on the world around us. We support the development of new digital ecosystems and innovative solutions for the benefit of the Belgian economy. On a societal level, we fully commit to bridging the digital divide, providing opportunities for digital talents, and accelerating the transition to a green society.

We acknowledge and appreciate the passion and expertise of our employees. They are our most valuable assets in pursuing

our ambitions. In turn, we offer our employees a challenging and inspiring work environment. An environment where everybody gets the chance to grow in an atmosphere of diversity and collaboration, innovation and responsibility. At Proximus, our employees get the freedom to positively affect the lives of our customers. They also work on their own future, by continuously educating themselves and developing their skills.

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



Our brands

We operate in the **Benelux** and on a **global** level.

Through our leading and well-established brands, we meet the demands of a wide range of customers in the residential and business segments, as well as the public sector.

Belgium

Proximus is our major brand, which we are building into the reference brand that “empowers everybody to thrive in a digital world, so we can improve our shared well-being”. Our brand promise “**Think possible**”  captures that mission. We are convinced that new digital solutions make our lives easier, allow us to work together in smarter ways and make our world a better place. That is why we are always looking for the best partnerships and why we continue to invest in sustainable technology.

Scarlet has established itself as a “no frills” brand for customers who are looking for the best prices or for ways to consume more consciously.

Mobile Vikings is a brand that has a strong digital native customer base and that stands for the “smart choice” offer for both prepaid and postpaid customers. Its offer appeals to young people who make intensive use of mobile data. In June 2021, Proximus received approval, without conditions, from the Belgian Competition Authority for the acquisition of Mobile Vikings, which also includes the Jim Mobile brand.

Luxembourg

The Proximus Group operates in Luxembourg as **Proximus Luxembourg SA**, under the brand names Tango and Telindus Luxembourg.

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

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

The Netherlands

In the Netherlands we operate through **Telindus Netherlands**. As strategic IT partner, we support organizations in being future proof and innovative, by offering IT infrastructure solutions and services to create flexible organizations.

Telindus provides managed- and platform services, integrating networking, cloud, cybersecurity and data & AI. The resulting IT services allows companies and public institutions to adapt to the ever-evolving markets and customer needs, while securing business continuity and optimizing user experiences.

proximus



Worldwide

We operate internationally through **BICS** and **TeleSign**.

In February 2021, Proximus acquired 100% ownership of BICS, securing the flexibility to execute the development and growth paths of both BICS and TeleSign.

BICS is a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide. Its aim is to make it possible for every person, application and thing to connect, wherever they are.

BICS provides high-quality, secure communication solutions to the world's largest mobile operators, virtual network operators, service providers, enterprise software vendors and enterprises in Africa, Asia, Europe, the Middle East and the US.

In recent years, BICS has transformed from a traditional international wholesale carrier into a communications platform company. Its integrated software-based solutions services help companies to accelerate their digital transformation.

To successfully implement its strategy, BICS set up dedicated business units that serve the telecom and enterprise markets respectively. Through the creation of product portfolio groups, BICS builds synergies between products and technology. Their solutions are essential for supporting today's modern, digital lifestyle and the need for global mobile connectivity and seamless customer experiences.

TeleSign is a fast-growing leader in digital identity and engagement solutions. Through its easy-to-integrate APIs, it provides solutions for security, authentication, fraud detection, compliance, reputation scoring, and secure communications.

With the accelerating growth of digital transactions worldwide, it is more than ever crucial for businesses and customers to know who they are trading with. Combining digital identity with global communications capabilities, TeleSign helps enterprises connect, protect and engage with their customers, while assisting those customers in securely engaging with their preferred digital platforms

These integrated digital identity solutions not only strengthen the trust between consumer and company, but also improve the overall experience throughout the customer journey.

Today, TeleSign is a trusted partner to global enterprises across more than 195 countries as well as 8 of the 10 world's largest digital enterprises. The company already has a strong foothold in the North American market and a growing customer base across Europe, Asia and Latin America.

TeleSign aims to accelerate its investment to further reinforce its position as a digital identity provider as well as build out its international organization. Beyond that, TeleSign intends to target new customer segments, including mid-market and SMEs, and develop new use cases to expand its identity offering.

In December 2021, TeleSign announced its intention to go public at an enterprise value of \$1.3 billion via a business combination transaction with North Atlantic Acquisition Corporation.



Connectivity services

- Cloud communications
- IoT (Internet of Things)
- Voice
- Messaging
- Roaming
- Fraud prevention and analytics



Digital identity services

- Security
- Authentication
- Fraud detection
- Compliance
- Reputation scoring
- Secure communications

A unique ICT environment

Through **our ICT affiliates**, Proximus Enterprise and strategic partnerships, we help to speed up the digital transformation of our enterprise customers.

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

We want to shape the digital world of today and tomorrow. We do this by offering customers a one-stop shop, integrated and converged 360° ICT offer that is unique in Belgium. As some of our partners also operate abroad, we are even able to venture outside Belgium.

- **Be-Mobile** offers a wide array of smart mobility solutions to help public authorities, road operators, car manufacturers, individual drivers and private companies improve daily mobility for travelers.
- **ClearMedia** provides cloud, cybersecurity and digital workplace solutions, services and products tailored to the (S)ME market through an indirect channel of local IT partners.
- **Codit** supports customers in realizing their ambitions with tailored Microsoft Azure cloud solutions. Codit guides them through their data journeys, with a focus on automating business processes, building data platforms, app innovation and providing IoT, AI and machine learning solutions. Codit is active in the Benelux, UK, France, Malta, Portugal and Switzerland.
- **Davinsi Labs** offers security and service intelligence solutions. Focusing on data and meaningful insights, these solutions allow businesses to provide their customers with digital services with the highest standards of security, availability, and performance.
- **Proximus SpearIT** is the ICT integrator for mid-sized companies.
- **Telindus Luxembourg** and **Telindus Netherlands** are specialists in smart and secure IT platforms.
- **Umbrio** offers strategic, security and service intelligence services, translating data into actionable insights.

BEMOBILE

ClearMedia

codit

d|si Davinsi Labs

**proximus
spearit**

telindus

UMBRIO

Our value creation model

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

Resources we use



Human capital

- 11,532 employees
- 57 nationalities
- 32% women



Financial capital

- € 1,203 Mio investments¹
- € 2,978 Mio shareholders' equity
- € 2,740 Mio adjusted net debt



Natural resources

- 9 Mio liters fossil fuel
- 328 GWh electricity
- 24 GWh natural gas
- 1,077,545 m² building footprint

¹ Excl. spectrum and football rights

How we create value

Our sense of purpose

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

Our ambition

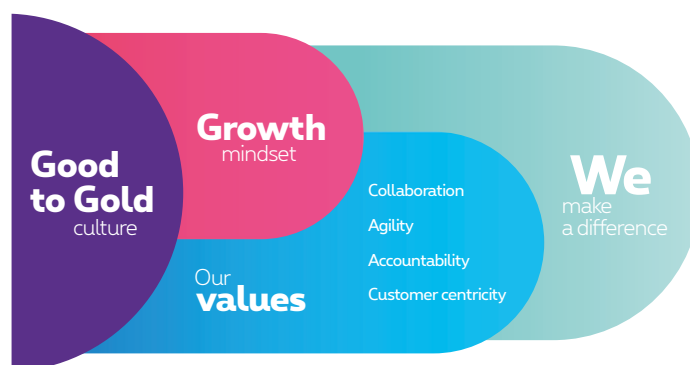
Make Proximus the reference operator in Europe.

Our company strategy

#inspire2022



Our company culture



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



The value we create for our stakeholders

Customers

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

- 1.7 Mio active users on MyProximus
- 19,000 active users on MyProximus for Enterprises
- 1.2 Mio active users on Pickx
- 18,700 registered users on Doktr

Employees

Offering a challenging and inspiring work environment with specific focus on diversity, collaboration and empowerment

- € 32.34 Mio in employee re-/up-skilling
- 41.3 training hours/employee on average
- Good work-life balance for 73% of employees

Partners

Creating new innovative business models relevant for our customers and society

- 3.3 Mio IoT connections enabling smart solutions
- 20 use cases on 5G innovation platform

Suppliers

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

- 445 suppliers, representing 41% of our external spend, were assessed by EcoVadis on their ESG-compliance: 71% received a positive scoring
- All suppliers signed our Code of Conduct

Shareholders

Committing to an attractive return and transforming into a sustainable company

- € 1,772 Mio Group underlying EBITDA
- € 376 Mio Free Cash Flow (adjusted)
- € 1.2 dividend/share
- ESG as part of Management incentive plans

Belgian society

Bringing essential connectivity while contributing to an inclusive digital society

- 813,000 homes & businesses connectable to fiber
- 5G available in 70 cities & municipalities
- 1,145 job seekers supported by our initiatives
- 55% of tested devices accessible for at least five disabilities
- Supporting Belgium during COVID-19 and floods

Planet

Becoming net zero by 2040 and truly circular by 2030

- 4.4 ktons CO₂ reduction
- 89% waste recycled, reused or composted
- 80,000 old mobile phones collected
- 845,000 refurbished devices

Contributing to the SDGs



Contributing to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations Member States in 2015 and are to be reached by 2030. Our strategy currently addresses 8 of the 17 SDGs.

This year, we embedded sustainability in our financing instruments. We have launched a Sustainable Finance Framework and a Green Bond that are aligned to the SDGs – more information on these can be found (p.299). [↗](#)

We believe that sustainable financial instruments are an effective tool for channelling investments to projects that have demonstrated their ecological and social benefits and that contribute to the achievement of the SDGs.

In 2022, we will devote time to further map the SDGs to all aspects of our business (such as operations and facilities), with the goal of creating more focus and clarity.



Bring health and well-being to people of all generations

The health and safety of our employees, our customers and the general public are a priority for Proximus. We are aware of the concerns and challenges regarding 5G, radiation and health. We have committed to providing clear and useful information about these issues, as well as taking precautionary measures. And as users devote increasingly more time to their screens, we are taking steps to encourage digital health, and consequently, to improve overall health and well-being. We take up a role to provide access to quality essential healthcare services through our new Doktr app and the services we offered the healthcare sector during the pandemic.



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

The re-skilling of the Belgian workforce, and ensuring everyone has the skills needed for the digital economy and society of tomorrow, are challenges for all of us. Internally, we enable our existing and future employees to take ownership of their careers by providing re-skilling and up-skilling in key domains, and ensuring they remain relevant in their current and future jobs. For the Belgian workforce, we support up-skilling and re-skilling initiatives by partnering with organizations such as MolenGeek, School 19 and Technobel. We also support Bednet and ClassContact, two associations that allow children living with long-term illnesses to continue their education at home or in hospital. We contribute to closing the digital divide through, for example, DigitAll, the Alliance for Digital Inclusion in Belgium.



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

We are a major employer and as such, we contribute to the Belgian economic ecosystem. We create direct and indirect sustainable employment through, amongst others, the deployment and maintenance of our gigabit networks of the future. We support the development of new digital ecosystems and innovative solutions for the benefit of the Belgian economy.



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

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



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

By building the best open gigabit network for Belgium, we support local communities to become more inclusive and sustainable. With our smart solutions we address major societal challenges in densely populated cities, such as mobility, safety and crowd management. Proximus also offers smart building solutions to help customers make smarter use of energy.



Ensure sustainable consumption and production patterns

We have a clear ambition to become truly circular by 2030. To do so, we have set ourselves strict goals. When designing products, we take the full impact of their whole lifecycle into account. We minimize their adverse impacts on human health and the environment and maximize waste reduction and material recycling. We also impose strict standards throughout our supply chain. We enable our customers to reduce their environmental impact through, for example, our refurbished phone range and our Banx and MyFootprint applications that give customers insight into their ecological footprints.



Ensure access to affordable, reliable, sustainable and modern energy for all

Take urgent action to combat climate change and its impacts

We acknowledge that Proximus has an impact in this area, especially through the CO₂ emitted by our digital activities. For this reason, we want to be a leading company in addressing climate change and are committed to further reducing our environmental impact. To that end, we joined the European Green Digital Coalition in 2021, strengthening our ambitions. To keep the electrical energy consumption flat despite growing demand, we will keep implementing network energy-saving initiatives. After reaching 100% renewable electricity, we want to achieve 100% renewable energy, thus becoming carbon neutral without compensations by 2030. We will work with more local electricity sources and take up our role in changing the Belgian energy mix. As the biggest remaining carbon footprint resides across our value chain, we will continue to work closely with our suppliers to achieve our ambition to be net zero by 2040.



Key figures and highlights



Key figures

Group underlying revenue

€ 5,578 Mio

Capex¹

€ 1,203 Mio

Group underlying EBITDA

€ 1,772 Mio

Free Cash Flow (adjusted)

€ 376 Mio

Number of employees

11,532

Board

36% women

Executive Committee

22% women

Total CO₂ emissions²

459 Kton

Avoided CO₂ emissions
by customers

502 Kton

Refurbished devices

845,000

¹ Excl. spectrum & football rights

² Scope 1, 2 and 3

Key highlights **Proximus**

We provided **COVID vaccination centers** with connectivity, IT support, as well as advanced IoT solutions to monitor the temperature of the vaccines.



After the devastating **floods in Wallonia** we restored our network infrastructure as rapidly as possible.



The **Digital Inclusion Charter** was signed by the members of DigitAll, the Belgian ecosystem for digital inclusion.



Two **joint ventures** were launched to **accelerate our fiber roll-out**.



Launch of the **5G innovation platform** for businesses to test their 5G solutions.

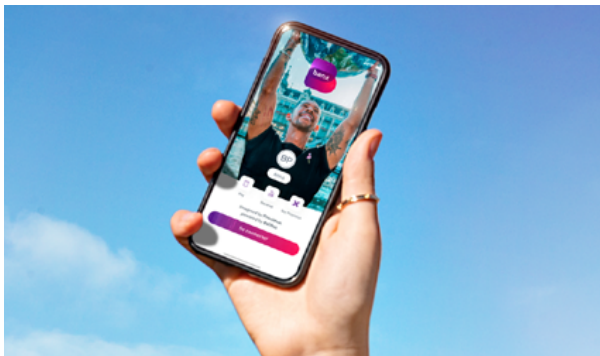


With more than **3.3 million connected objects** in our network we strengthened our position as market leader in Internet of Things



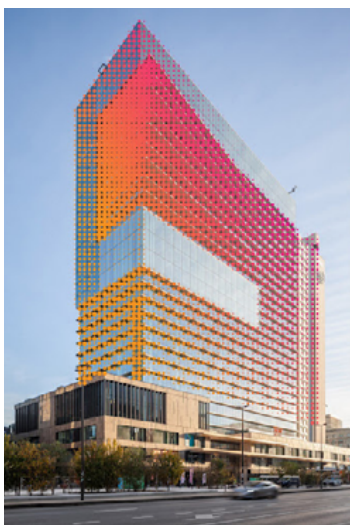
Acquisition of **Mobile Vikings**, reinforcing Proximus' multi-brand strategy in the residential market.

Banx, the digital app for sustainable banking, entered the Belgian market.

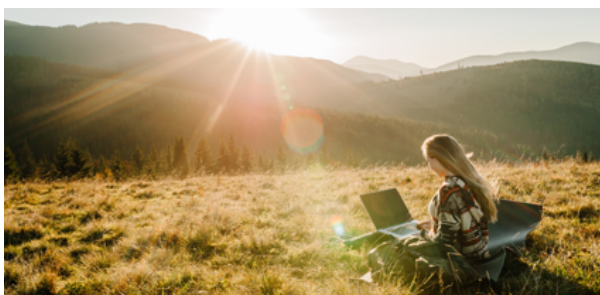


Innovation in the field of eHealth with the teleconsultation app **Doktr**.

Launch of the platform **aug•e** offering solutions in the field of smart buildings with partners BESIX and i.Leco.



Successful issuing of first € 750 million **Green Bond**.

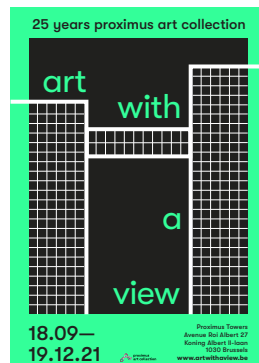


Acquisition of full ownership of BICS, securing the flexibility to execute the development and growth path of **BICS** and **TeleSign**.

Progressing towards an **agile operating model** and embracing the **hybrid way of working**.



New members of the Executive Committee:
Antonietta Mastroianni, Chief Digital & IT Officer
and **Mark Reid**, Chief Financial Officer.



The exhibition "**Art with a View: 25 years Proximus Art Collection**".

Key highlights **BICS**

Secured **partnerships** with key digital players such as Microsoft Azure and Google Cloud, adding to those already in place with Amazon Web Services and other Tier 1 digital disruptors in the APAC region.

Launch of **voice APIs**, an important step in the provision of communications as service, enabling enterprises with secure and flexible software-based communications.

World's 1st **5G Standalone roaming trial** with Proximus successfully concluded, showing roaming interoperability between different 5G providers.

Recognized in the Gartner Magic Quadrant for **Managed IoT Connectivity Services Worldwide**.

Investments in 5G and private mobile network connectivity enablement through its **SIM for Things** solution allowing companies to easily deploy and manage connected applications for IoT transformation.

Key highlights **TeleSign**

TeleSign announced its **intent to go public** at an Enterprise Value of \$1.3 Billion via a business combination transaction with North Atlantic Acquisition Corporation.

Launch of **Messaging API** which allows for multiple messaging channels to be consumed by our customers with only one API integration.

WhatsApp for Business and Viber messaging support added to Messaging API.

Launch of an updated **anti-fraud model of the Score product** increasing accuracy of flagging fraud while reducing false positives.

New executive leadership team and experienced regional leads in EMEA and APAC to fuel future growth and geo expansion.



#inspire 2022

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#inspire 2022

Since March 2020, Proximus has been executing out its three-year strategy, #inspire2022, with the ambition to **make Proximus the reference operator in Europe**.

The plan was launched in a volatile and uncertain context, as COVID-19 began to impact Europe. Today, that uncertainty persists and we have also been exposed to dramatic climatic events and the consequences of those.

Despite that context, the telecommunications sector is pursuing its transformation at an unprecedented pace, while addressing the new challenges that are rising. Next-generation networks are being built to further support the **digitization of the economy** and the **increasing need for data**. A new, digital, data-fueled platform economy is emerging, which raises concerns about **data security and privacy**. New forms of

competition are prompting us to diversify our range of products and services and pave the way for new kinds of **partnerships**. The digitization of society highlights our social responsibilities as a telecom provider. It's our duty to foster **diversity and digital inclusion** and to facilitate the transition towards a **circular economy**.

Our strategy is designed to accelerate the transformation journey of our company so we can return to profitable growth and address the competitive and societal challenges ahead. Embracing change, we have deliberately chosen to take the lead and anticipate the future to the benefit of our employees, our customers and society at large.

Our #inspire2022 strategy is built on four strategic pillars:



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



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



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



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



We **fulfill these ambitions** thanks to agile working and the passion and expertise of **our employees**.

Overview of #inspire2022



Build the best **gigabit network** for Belgium

#inspire2022 ambitions	Baseline 2020	Status 2021
4.2 million gigabit homes and businesses enabled by 2028	Dec'20: 460,000 homes and businesses enabled with fiber	Dec'21: 813,000 homes and businesses enabled with fiber
Undisputed mobile leadership with 5G	- First operator to launch public 5G in Belgium - Dec'20: 5G available at 138 sites in 69 cities and municipalities	20 use cases from enterprise customers on the 5G innovation platform - Dec'21: 5G available at 137 sites in 70 cities and municipalities
Open networks to grow wholesale revenues	8 new fiber wholesale partners in 2020 5G network open to wholesale customers as from launch	8 new fiber wholesale partners in 2021 9 MVNO partners have access to 5G

Material topic: Support digital infrastructure for Belgian society



Operate like a **digital native** company

#inspire2022 ambitions	Baseline 2020	Status 2021
Top 1 or 2 Telco NPS for convergent customers, driven by superior user experience, by 2022	- First operator to make commercial gestures following the COVID-19 outbreak: > 95% customers appreciated the initiatives - MyProximus and Pickx app ratings in Google Play and App Store: 4/5 - Satisfaction with our internet, TV and mobile products: > 90%	- NPS of our residential internet+TV+postpaid customers increased in 2021 - NPS of our biggest enterprise customers increased in 2021 - NPS of our Small & Medium-sized enterprise customers decreased in 2021
-40% in IT costs by 2025 with legacy-free IT	- Implementing a new simplified address management system - One single datasource for all billing aspects, improving data quality and user experience - Continuous integration, development and automation in IT operations to reduce time to market	- Simplifying technology infrastructure - Implementing an engineering-oriented culture - Increasing automation in the software delivery process - Simplifying business processes and products - Exerting clear control over demands on IT
Train and selectively attract the best digital talents in Belgium	> 200 employees recruited in domains of the future - Average of 39.5 hours of training per employee € 34.45 million invested in employee re-skilling and up-skilling	172 employees recruited in domains of the future - Average of 41.3 hours of training per employee € 32.34 million invested in employee re- and up-skilling

Material topic: Digital access



Grow profitably through partners and ecosystems

#inspire2022 ambitions	Baseline 2020	Status 2021
> 3 million unique Proximus active monthly apps users by 2022	- Dec'20: 1.6 million active users on MyProximus - Dec'20: 1.1 million active users on Pickx	- Dec'21: 1.7 million active users on MyProximus - Dec'21: 1.2 million active users on Pickx
> 2.1 million internet connections (consumer segment) by 2022	Dec'20: 1,965,000 internet connections (consumer segment)	Dec'21: 2,004,000 internet connections (consumer segment)
> € 100 million additional revenue from new non-telco domains by 2022	- Long-term commercial partnership with Belfius - Addressable TV: > 150 targeted campaigns	- Financial services: Launch of Banx and Beats with Belfius - eHealth: Launch of Doktr - Smart building: Launch of aug're platform with BESIX and i.Leco - Addressable TV: > 400 targeted campaigns
Material topics: Support small & medium business development - Delivering customer promises - Customer value for money		



Act for a green and digital society

#inspire2022 ambitions	Baseline 2020	Status 2021
Sustainability and circularity embedded in everything we do	120 ongoing projects related to circularity and carbon emissions at the end of 2020	> 150 ongoing projects related to circularity and carbon emissions at the end of 2021
Net zero by 2040 & truly circular by 2030	- Own emissions: -26% (vs 2019) - Indirect emissions: -16% (vs 2014 baseline) 88% waste recycled 409,000 modems & decoders refurbished 65,000 mobile phones collected	- Own emissions: -3% (vs 2020) - Indirect emissions: -44% (vs 2014 baseline) 89% waste recycled 845,000 devices refurbished (incl. 493,000 modems & decoders) 80,000 mobile phones collected
Support digital re-skilling of 1,000+ Belgian job seekers yearly	1,158 job seekers supported by our initiatives in Belgium 73% of tested devices accessible for at least 5 disabilities	1,145 job seekers supported by our initiatives in Belgium 55% of tested devices accessible for at least 5 disabilities
Material topics: Human rights - Responsible supply chain - Sustainable infrastructure - Circular economy - Energy and CO ₂ emissions - Digital access - Privacy & data security		



Getting our people and organization ready for the future

#inspire2022 ambitions	Baseline 2020	Status 2021
Internal moves	2,146 employees changed function	782 employees changed function
Good physical and mental well-being	55% of employees giving a "good" score in the Speak-Up Survey (score of 4 and 5 on a 1-5 scale)	56% of employees giving a "good" score in the Speak-Up Survey (score of 4 and 5 on a 1-5 scale)
Material topics: Workplace wellness - Employee up-skilling, re-skilling & employability		



Build the best
gigabit network
for Belgium



Build the best gigabit network for Belgium

Being connected is integral to our daily lives. At home, at work and on the go. As society becomes increasingly digitized, data traffic will continue to grow. To anticipate the evolving needs of all Belgian users, our ambition is to build the best **open gigabit network** for Belgium by rolling out **fiber and 5G** at an accelerated pace and by opening our networks to our wholesale partners.

We are working to provide flawless connectivity, available for all. Consumers, businesses of all sizes, public services and cities. Wherever they are.



We are committed to bringing the benefits of our next-generation networks to as many Belgians as possible.

This improved connectivity opens up **new opportunities** in many sectors, such as healthcare, manufacturing, autonomous transport, logistics and agriculture. Our gigabit network will be a **catalyst for the local economy, for innovation**, and it will boost sustainable economic growth. The network will allow technological evolution and the creation of new digital consumer applications, such as connected homes, working from home, e-education and next-generation video and cloud-based gaming.

In 2021, we made significant progress in the deployment of our fixed and mobile gigabit networks, reaching **813,000 homes or businesses connectable to fiber** at the end of the year and offering **5G in 70 cities** and municipalities in Belgium.

What's more, our gigabit network is a fully open-access platform on which **all other service providers are welcome** to offer their own specific services to their end-customers.

As the leading telecom operator in Belgium, we have a responsibility to develop and enhance the digital infrastructure in Belgium. We firmly believe that our efforts have an intrinsic value for society, **contributing to building an inclusive and sustainable world**. We are committed to bringing the benefits of our next-generation networks to as many Belgians as possible and to making our networks as environmentally friendly as we possibly can.

Material topic addressed in this strategic pillar:

- Support digital infrastructure for Belgian society

The accelerated roll-out of our fiber network

The COVID-19 crisis has proven that **fast and reliable networks are vital** to our society. Schoolchildren and students saw their classes moved online. Hundreds of thousands of employees became used to working from home. And with lockdowns and social distancing measures in place, we relied on virtual communication to keep in touch with family and friends and to stay entertained through digital entertainment services.

These shifting behaviors, along with business deploying digital transformation and launching innovative digital services,

caused the demand for bandwidth to continue its strong growth profile. It has confirmed the importance of **investing in fiber as the fixed network technology of the future**.

Proximus is moving up a gear. Our objective: **by 2028, we will have connected at least 4.2 million homes and businesses to fiber**, covering at least 70% of homes and businesses in Belgium. Our partners will complement us in achieving this ambitious plan, and even accelerate the roll-out of fiber.

Everyone benefits from fiber

Fiber offers an answer to the continued growth in data consumption of both residential and business customers. Fiber-users enjoy **download speeds** of up to 1 Gbps and upload speeds of up to 200 Mbps. In addition to download speeds, fiber

offers other advantages from **higher upload speeds** essential for home working, **low latency** for applications such as gaming, environmentally it is **more energy efficient** and economically it has far lower costs to operate. ➡

Accelerated roll-out with partners

As part of our plan to cover at least 4.2 million homes and businesses by 2028 we entered in two **partnerships**: with **EQT Infrastructure** in Flanders and **Eurofiber** in Wallonia. By doing

so, Proximus will significantly expand its fiber network and **accelerate the fiber roll-out** in the coming years.

Flanders	Wallonia	Brussels
• We set up Fiberklaar, a joint venture with EQT Infrastructure, in March 2021. • Fiberklaar to connect at least 1.5 million homes and businesses in Flanders by 2028.	• We set up Unifiber, a joint venture with Eurofiber, in July 2021. • Unifiber to connect at least 500,000 homes and businesses in Wallonia by 2028.	• We will continue to accelerate our own fiber roll-out. • Proximus to cover the entire Brussels Capital Region by the end of 2026.

These two joint ventures will take Proximus closer to its ultimate objective of connecting Belgium through an open, future-proof network that brings **high or very high-speed connectivity**

to every home and business, including those in less densely populated areas.



World's fastest fiber speed deployed

Proximus is the **first operator to add 25G capabilities to its commercial network** in Belgium. Together with **Nokia**, we have deployed the first live network based on Nokia's 25G Passive Optical Network (PON) technology. 25 Gigabit PON is the latest generation, **boosting both download and upload speeds** on fiber networks to unprecedented levels around 200 times faster than the most advanced broadband networks of ten years ago. This technological breakthrough shows the virtually **unlimited capacity of fiber**. In fact, the innovation makes our network the fastest in the world, earning Proximus the global award for **Fiber Operator of the Year**, an acknowledgement issued by the Broadband World Forum (BBWF). This is encouraging us to pursue our fiber strategy based on highly ambitious acceleration plan, innovative partnerships and open network model and confirms the potential of our fiber network to become a key driver of the digital economy and the society we stand for.

Fiber achievements in 2021

The roll-out of fiber is ongoing in 45 Belgian cities and municipalities, 29 of which are new. We have connected **353,000 homes and businesses**, totalling 813,000 end 2021. With our partner Signpost, we have provided 44 schools with a fiber connection. ➡

Our footprint is **close to 14%** of total Belgian premises.

In 2021, the **pace of new connections has nearly doubled** compared to 2020. In 2021 we connected one home or business every 18 seconds (vs every 34 seconds in 2020).

In 2021 we onboarded **8 new fiber wholesale partners**, bringing the total number of partners to 36.

Speeding into the future

On the coming period, we will increase our stand-alone roll-out of fiber and actively support our joint ventures in the efficient roll-out of fiber. These joint ventures started deploying fiber in the fourth quarter of 2021 but have a lot of crucial work ahead of them in 2022. As soon as we are at cruising speed, as from

2023, Proximus will **deploy fiber to a rate of close to 10% of the country per year**, to cover at least 70% of the Belgian population by 2028.

Phasing out our existing copper network

We notify our customers once fiber is active in their city. We migrate them to fiber step-by-step by offering alternative products, allowing us to switch off our copper network. This in turn leads to, among other things, **operational savings and simpler management of infrastructure**. In keeping with our commitment to sustainability, all material is recycled or reused for other

purposes. In 2021, we recovered a total of **859 tons of copper cable**, from which 811 tons directly from the network.

We plan to deactivate the existing copper network in a specific zone within five years of fiber installation works have started there.

Boosting VDSL infrastructure

The fiber roll-out is our number one priority. Still, not all consumers will have direct access to fiber. It is important that they too can benefit from high-speed internet. That is why we are also **improving our existing infrastructure** for broadband access using copper.

By developing and implementing its 2MX6 or **ultra-vectoring technology on the copper network**, engineers at Nokia and Proximus launched **a global first** in May 2021. This innovation allows twice as many customers to be serviced using a single street cabinet, while doubling the speed of broadband internet and reducing energy consumption.



TITAN: Voice, data and TV traffic migration finalized in 2021

In August 2018, Proximus announced its three-year TITAN project. The program's goal was to **increase the capacity of our IP transport network**. The migration of all fixed and mobile voice, data and TV traffic to the new infrastructure was finalized in 2021. This has led to ten times more data capacity than before.

Since its inception, TITAN has addressed the growing use of bandwidth and the rise in data traffic. It was key to proactively strengthening our data transportation network, which carries almost all the fixed and mobile voice, data and TV traffic of our residential and professional customers. This upgraded backbone facilitates the development of services using augmented reality, virtual reality and IoT, as well as the roll-out of 5G.



Staying ahead of the game with 5G, the mobile network of the future

In the future, we will all increasingly use mobile data, through more intensive use of services such as high-definition video streaming, innovative industry solutions and remote working. The need for super-fast, large-capacity networks like 5G is

growing. We are **committed to remaining the leader for 5G in Belgium** – with a future-proof, reliable and more energy-efficient open mobile network.

5G: so much more than a faster network

New applications continue to draw on the capacity of the networks. Although our existing 3G/4G network provides one of the best quality levels available in the world today, **5G opens new perspectives**, and will allow for the creation of new, exciting services.

5G is a 100% stable, secure and wireless connection that is up to **10 times faster than 4G**. Thanks to the **enormous bandwidth** and the reliable, **ultra-low-latency** data transfer, 5G is able to make an infinite number of connections. This offers companies and organizations opportunities to make their processes more efficient, more secure and more mobile. The faster speeds

of 5G enable new applications and ways of working, such as decentralized clouds and the Internet of Things (IoT). Ultra-low latency allows hyper-realistic rendering in virtual reality images.

5G improves the efficiency of mobile data transmission: **less energy** is required for the same amount of data. 5G networks use little power when traffic is low, further reducing the power consumption of the antennas. ➡

5G also forms the foundation of tomorrow's **digital economy** and will help **address societal challenges**. ➡

Pioneering 5G in Belgium

On 1 April 2020, Proximus was the first operator in Belgium to launch 5G commercially for consumers, enterprises and wholesale partners.

At the end of 2021, 5G is available at 137 sites in 70 cities and municipalities, mainly in Flanders.

In the **Brussels Region** in July 2021, the Brussels government decided to slightly increase the radiation standard from 6V/m to 14.5 V/m (volts per meter), still the strictest standards in Belgium. Although the decision has yet to be transposed in a

legal framework, it is an important step towards implementing 5G in Brussels.

In **Wallonia**, a group of experts was mandated in July 2020 by the **Walloon government** to give their advice on the roll-out of 5G. While awaiting their complete report, we remain committed to deploying the best 5G network and complying with all applicable standards in each region.

Detailed information on **5G spectrum auction** can be found on page 129.



5G innovation platform →

Proximus is leveraging the possibilities of **5G for industrial applications**. To further accelerate the development of 5G use cases, we have launched a dedicated 5G innovation platform that already generated a lot of interest in many industrial sectors.

The platform is a future-oriented 5G standalone private network based on both a 2100 and a 3500 MHz spectrum. Customers can connect to this network from any location that currently has 5G coverage, including their own sites. Proximus also created a test site at its headquarters in Brussels for customers who do not yet have 5G coverage.

Partnerships to reinforce our mobile leadership

For all users, we want to offer the best possible experience. We want to work as efficiently as we can, increase operational synergies and manage our network in a sustainable way. **Mwingz**, our **joint venture with Orange Belgium**, aligns perfectly with that ambition.

Mwingz was launched in 2020 and aims to improve the global mobile experience through the improvement of outdoor coverage, better indoor coverage and a faster roll-out of 5G. By **sharing parts of the mobile network access infrastructure**, the network will be used more efficiently, paving the way for

sustainable investments. In 2021, we started the consolidation of our Radio Access Network (RAN), which has already shown positive results in terms of coverage gain, throughput and customer experience. The real take-off, however, will happen in 2022.

 **Our partnerships will enable us to build an efficient, open, reliable and sustainable mobile network.**

In 2020, Proximus also announced it would partner with **Nokia and Ericsson**. These partnerships enable us to build an efficient, open, reliable and sustainable mobile network:

- Our partnership with Nokia aims to upgrade the **Mobile Radio Access Network (RAN)** equipment.
- Our partnership with Ericsson aims to modernize Proximus' **Mobile Data Core Network**.

Thanks to these collaborations we will benefit from a completely **renewed and energy efficient mobile network** in the next few years. In 2021, we started migrating customers to Nokia equipment, offering better coverage and increased download speeds.

Throughout 2022, we will continue the mobile network swap and consolidation and the roll-out and activation of 5G, and we will further develop 5G use cases in the B2B domain.

Enhancing the capacity and quality of our 3G and 4G networks

To meet the growing demand for connectivity on the go, Proximus continued to improve the coverage experience of its customers in 2021. Thanks to innovations such as spectrum refarming, we **increased the capacity** of our network to address growing data volumes and usage. In 2021, the nearly 8,000 tests collected

via the Becover+ application of **Test Achats**, showed Proximus to have the best network coverage for **mobile Internet**.

At the end of 2021, 3.4 million customers enjoyed even **better voice quality** with Voice-over-LTE on their smartphones, an increase from the 2.4 million at the end of 2020.

Addressing health concerns

Proximus is aware of concerns regarding electromagnetic fields and health. We provide information about these issues, as well as taking **precautionary measures**. We comply with the legislation in force, both for networks and for devices, and closely follow up developments in scientific research.

The potential health impact of radio frequencies, particularly those used in mobile telephony, has been the subject of **scientific studies** for more than 30 years. On the basis of the available research, the vast majority of (inter)national authorities and institutions (including the WHO - World Health Organization) agree that there is no evidence radio frequencies for mobile communication that are below internationally authorized

thresholds have adverse health consequences. This will not change with 5G.

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

An accessible network for all

Welcoming all other operators

Our gigabit network is an **open network**. All other telecom operators can use our network to stand out from their competition and **offer services to their own end-customers** under fair and non-discriminatory conditions. We provide our wholesale partners with fully automated and customized

services, from quoting to billing. This allows them to operate successfully in the segment of their choice – whether this means individuals or companies, small/home offices (SOHO) or small to medium-sized enterprises (SMEs). This way, we foster competition and innovation on Belgium's cutting-edge networks.

Partners in 2021	Fiber	MVNO*
New	8	5
Total	36	9

* New **Mobile Virtual Network Operator** partners, such as Youfone, Sewan or Citymesh



Connecting less densely populated areas

We have made significant investments to **improve connectivity** in **rural zones and so-called "white zones"**, places that lack connectivity.

Although Belgium is one of the countries with the best broadband coverage in the world, there are still a limited number of locations where people do not benefit from a high-performance internet connection (> 30 Mbit/s). These areas are mainly located in rural areas in Wallonia, where the deployment of optical fiber is not economically viable.

By using **new technologies** such as fiber-optic aerials, optical nodes connected via radio links and 4G modems, and co-

investing with local public authorities, we have the opportunity to make the digital world accessible to everyone, everywhere. Together with our partner **Tessares**, we are working on innovative technology that combines the bandwidth of a customer's fixed network with the 4G network. This should significantly improve the customer's internet experience.

Thanks to our efforts, 94.8% of the inhabitants of white zones had access to high-speed connectivity (> 30 Mbit/s) at the end of 2021, compared to 93.5% at the end of 2020. Only two municipalities had poor connectivity end 2021, compared to 39 in 2017.

Supporting communities impacted by summer floods

In mid-July 2021, Belgium was hit by catastrophic flooding triggered by unprecedented rainfall. The worst affected areas were in the **provinces of Liège, Namur and Luxembourg**. The impact of the flooding was immense, with loss of human life, damaged homes and infrastructure. Our mobile and fixed infrastructure was also severely affected. Twenty-one technical buildings and 228 street cabinets were affected by water or other damage, plus 55 mobile sites were rendered inoperable.

Almost 400,000 residential and enterprise customers that lost connectivity due to flooding received **50GB of free mobile data**. We also distributed **7,500 mobile phone chargers**. Furthermore, we installed **charging booths** for mobile phones and set up four **cyber-hubs** for the affected communities.

Our teams worked in very challenging conditions, to **restore our mobile and fixed networks** as quickly as possible and ensure people in these affected areas could reconnect with their families and friends. In some places, we even succeeded to **deploy fiber** in record time instead of repairing the copper network.

These events have unveiled the important societal role we play, firstly through our infrastructure and the connectivity it provides, but also more broadly as a key player in the economic and social landscape in Belgium.





Operate like a
digital native
company



Operate like a **digital native** company

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

Our **customers are at the center of everything we do**. We aim to offer them personalized, effortless, and proactive experiences that are consistent across channels and segments. For our convergent residential customers, we've set the ambitious goal of becoming

the Belgian market's leading operator in terms of customer experience and brand recommendation by the end of 2022. For our enterprise customers we aim to be on par with the best performing B2B competitors in Europe by the end of 2023. We measure our customer experience and loyalty through the Net Promoter Score (NPS).

In our journey to reach those ambitious NPS, we made progress in 2021 in transforming into a company that offers **best-in-class experiences** to its customers, combining the best digital technology with the best human interaction. This transformation allows us to be more efficient while adapting swiftly to changing markets and evolving customer expectations.



Transforming into a
company that is fit
for the digital world.

To operate like a digital native company, we also need to **become a legacy-free operator in terms of IT**. Our ambition is to achieve this by 2025. In 2021, we significantly reduced our IT costs. In parallel, we continued to invest in solid data foundations and build our automation and advanced analytic capabilities. Data is essential to creating and implementing even more proactive and personalized services.

Finally, we substantially invest in the up-skilling and re-skilling of our employees allowing existing **talents to grow** and we continue to recruit new **talents in domains of the future**.

Material topic addressed in this strategic pillar:

- Digital access

Customers are the center of our attention

Our customers interact with us in many ways; in person, on the phone, through a website or using an app. By improving these customer touchpoints and offering hassle-free interactions, we exceed expectations every time customers get in touch with us. Our continuous effort to **optimize our digital tools – while maintaining a human approach** – brings us closer to our customers.

Acting upon customer feedback

Our customer-feedback platform "Voice of the customer" allows us to collect and analyze residential and enterprise customer feedback and act on it swiftly.

In 2021, an average of 35,000 customers per month participated in our surveys and we contacted more than 15,000 customers to address issues they raised.

Finding the right balance between offering best-in-class digital experiences with a human touch will **positively impact our Net Promoter Score**. The higher this score, the more likely our customers are to recommend our services to others.

In 2021, we have taken great strides forward in **improving and redesigning our customer journeys**, calling on our customers themselves. Our journey approach ensures that we include our customers from the start of the design process, and guarantees that we build an intuitive, digital-first customer experience. For example, we conducted over 100 interviews with enterprise customers to co-create and validate our enterprise digital roadmap.

Improving customer interactions

Our customers expect us to be **digital if it delivers value** for them. We develop digital tools that are easy to use, fast and user-centric.

Increasing digital self-service options

We are continuously increasing our digital self-service options. They make it easy for our customers to manage their products and services. In 2021, we extended the options on our **MyProximus app**. Both the web-based application, mostly used by our enterprise customers, as well as the mobile app, developed with our residential customers in mind, were upgraded to create a more user-friendly environment.

Some examples of digital self-service improvements:

Digital Bill

Since September 2021, it has been easy for customers to **navigate and understand the different details** of their bills.

There is no need to download a PDF document or call Customer Service. Instead, a clear overview with information about their plan or subscription, usage, one-time charges and other costs is accessible with just one click. We also added an evolution chart, that gives customers a visual overview. Thanks to this new, intuitive experience, we want to make digital solutions more attractive and ease the transition to paperless administration.

In 2021, we launched initiatives to boost **the adoption of e-billing amongst our enterprise customers**. This led to an increase of customers using Digital Bill with 10%, reaching a 57% share end 2021. This represents a reduction of 8.4 million printed pages or 42 tons of paper.



Easy follow-up of requests

With MyProximus, it is now easy for our residential and small enterprise customers to **track their commercial, administrative and repair requests**. Status updates are displayed at every step, making digital follow-up easy and interactive. Customer service agents document each step. They are able to exchange documents and pictures back and forth with the customer and adjust appointments for repairs. Customers are even able to keep requests open if they are not satisfied with the solutions they have received.

Real-time usage tracking

Since 2021, customers who have **mobile subscriptions via their employers** have been able to follow up their usage in real time and consult their invoices via the MyProximus app.

Proximus Assistant

Early 2021, we **improved our chat service** for customers who use our website or app. Proximus Assistant now answers questions about lost and stolen devices, forgotten PIN and PUK codes, questions about TV options and payments.

By the end of 2021, customer satisfaction for the chat option reached 71% (vs. 68% at the end of 2020).

Better in-home experience

With the continuous technical improvements to our modems and boosters, we provide better in-home experiences. In MyProximus, the **Smart Wi-Fi** feature  manages all the customers connections and adapts to provide them with the best Wi-Fi coverage. During interventions, our technicians now perform a **speed test** on the modem and a Wi-Fi test in up to three locations in the customer's home. If necessary, they make adjustments so that customers enjoy reliable Wi-Fi everywhere.

In 2021, the total number of active users on MyProximus has increased. At the end of 2021, we had **1.7 million active users** on MyProximus (vs 1.6 million end 2020). The number of active enterprise customers increased from 30% end 2020 to 37% end 2021. At the end of 2021, 19,000 enterprise customers were using MyProximus Enterprise (15,500 at the end of 2020).

Digitizing our sales channels

By digitizing our sales channels, we deliver a seamless omnichannel experience to our customers, where **physical and virtual interactions** are fully aligned.

We offer:

Multipurpose screens in shops

Using our digital screens, customers have easy access to all the information they need to **make the best choices**. Options

include a "pack recommender" tool, a price catalogue (for packs, promotions and specific devices), a comparison tool for mobile devices, the possibility to order a wide range of accessories and direct access to the Proximus website.

Omnichannel shopping baskets

Customers typically start a shopping experience online, and sometimes finish it during a shop visit (or vice-versa). For that purpose, we have **digitized interactions with customers across**

all sales channels through virtual shopping baskets. Customers can consult their baskets anywhere and anytime they want and complete their orders as soon as they finalize their decisions. In 2021, we recorded 74,000 instances where customers added items to their shopping baskets on one occasion, completing the purchase later. The benefits are twofold: we gain insights into the shopping process across all sales channels, and customers are offered a seamless shopping experience.

Commercial migrations

In 2021, more commercial pack migrations could be **completed digitally** instead of requiring manual intervention by one of our colleagues. For example, certain Flex pack migrations previously required human intervention to be put into operation. By digitizing we not only improve customer experience but also reduce operational cost linked to commercial migrations.



Balancing digital and human interactions

Our vision is to **combine the best digital technology with the best human interaction** to provide the most efficient customer experience.

Thanks to the digitalization efforts mentioned above, our experts can focus on assisting our customers who have more complex questions.

Sales people in our **Proximus shops** play a crucial role for customers who feel more comfortable with face-to-face interactions. In 2021, we focused on maximizing the positive impact of these interactions and we reinforced the first-time right approach.

Measuring customer promotorship using the Net Promoter Score

Ultimately, we want our customers to become brand promoters. We aim to **become the operator with the best brand recommendation** on the Belgian market by the end of 2022.

We measure our **customer's loyalty** using the **Net Promoter Score** or NPS. We ask customers how willing they are to recommend our products or services to others. Their responses give us insight into their overall satisfaction level.

The NPS of our **convergent residential customers** increased over 2021, whereas the NPS of our small enterprise customers decreased from the previous year. The pandemic may have had some influence on these results.

Our **small enterprise customers** expect personalized, proactive and convenient support. We took an important step in 2021 thanks to our Prime service, launched in the last quarter of 2020.

This premium customer experience allows small enterprises to get priority access to expert digital and human support, help and advice via the MyProximus app. With Prime service, customers easily follow up their requests at any time on the app and are notified at each step in the relevant process.

The NPS of our biggest **corporate customers** improved significantly over 2021 thanks to our dedicated account teams. However, this increase was offset by a decrease in the NPS of our medium-sized enterprises. We first implemented structural improvements for these customers. Our support officers were

organized into multiskilled agile teams. These teams were each responsible for an assigned group of customers. This succeeded in significantly improving customer satisfaction. This way of working will become standard for all enterprise customers in 2022. In June we launched a first version of a bundle solution for medium-sized enterprises where customer experience was built in by design.

With **Mobile Vikings**, which we acquired in 2021, and **Scarlet**, we now have two brands with leading Net Promoter Scores in Belgian telecom.

IT transformation and simplification

In order to operate like a digital native company, we aim to **be free from legacy IT systems and obsolete technologies by 2025**.

We need our information systems to be flexible, cloud-based and to support data automation and advanced analytics. Therefore,

we need to change our culture and become a genuine software company with a "digital native" touch. In 2021, we have already made significant progress in this transformation. As a result, we are on track to reduce our IT costs by 40% by 2025.

Digital native user experience

A full, digitally supported sales and servicing journey goes hand-in-hand with a stable IT environment. We are putting extra focus on platform and infrastructure improvements that **increase the resilience of digital customer tools**:

Customer insights tools – In 2021, we further evolved from a reactive approach that uses customer feedback or surveys, to a proactive approach. We will use our monitoring tools to

detect problems more quickly in order to take action before any complaints would come up or more customers would be impacted.

Customer experience research team – We introduced this team in summer 2021 to ensure uncompromisingly smooth customer experience by proactively testing user journeys, suggesting improvements and following up on defects.

Pickx entertainment platform

To improve the continuity of Pickx, our entertainment platform, we took the steps necessary for **improving the app stability**.

Result: a crash-free rate of 98% by the end of 2021 (69% at the end of 2020).

In 2021, we also started the complete **revamp of our TV backend**. This way we were able to improve the time-to-market for new products and services. We reduced costs and improved availability and resilience. We expect this to be a lever for (even) greater change and innovation. The first concrete results of our efforts will be visible in 2022.

Leading app ecosystem

In 2021, we expanded our **digital app ecosystem**. This comprises a set of products and services (such as MyFootprint, Banx and 4411) that guarantee a uniform and superior customer experience. The MyProximus app ecosystem is also open for other partners who want to integrate their apps.

Thanks to these efforts, we successfully positioned ourselves as a digital companion in the daily lives of our customers. With the

launch of Doktr and Banx, we crossed the telecom border to enter the eHealth and banking sectors. ➡ Such digital diversification requires a strong digital IT vision. 2021 therefore marked the start of a faster, more efficient future-proof app ecosystem.

In 2022, our app ecosystem will introduce new products and services in a more cost-effective way and with better time to market.

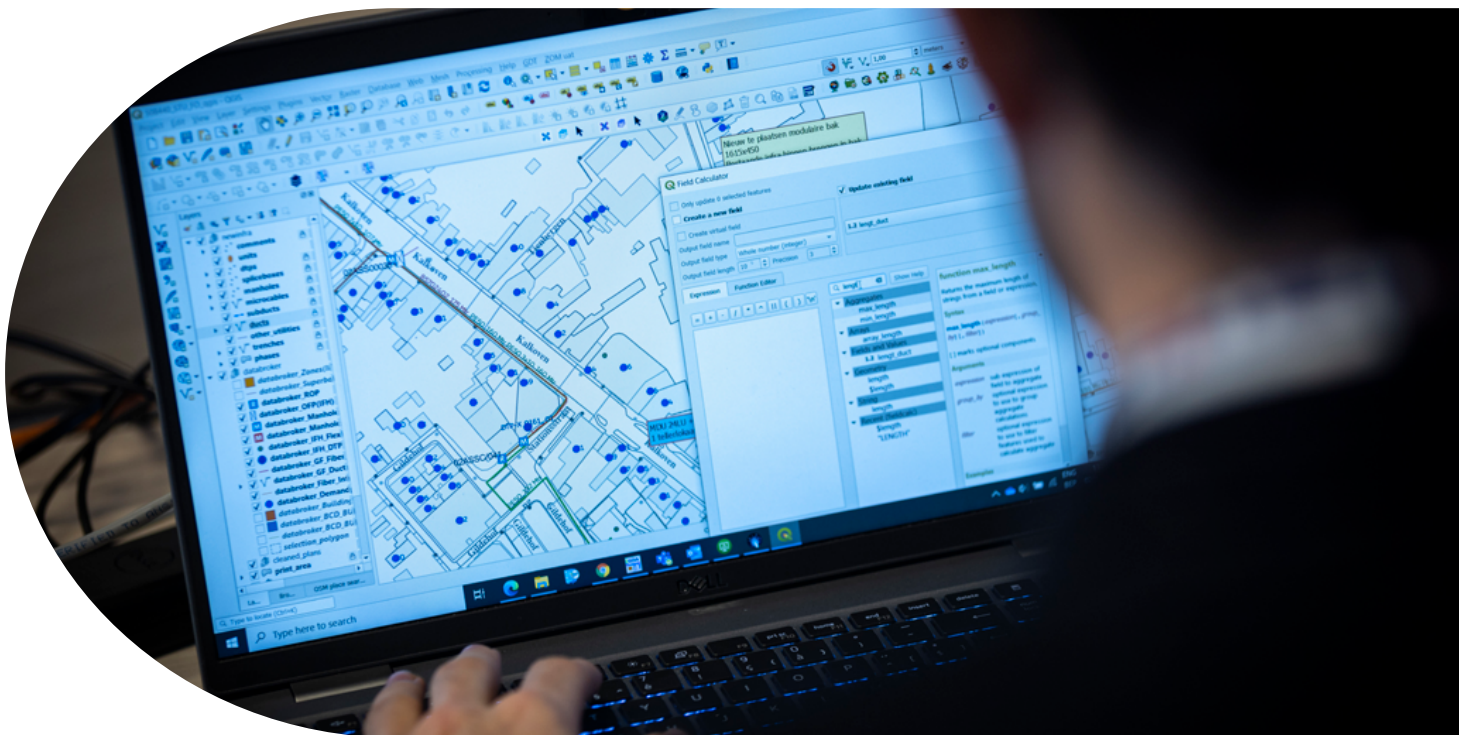
Value through data and artificial intelligence

Artificial intelligence (AI) helps us to exploit the full potential of our data. The more use cases we have, the more efficient and customer-centric we will be.

Predictive analytics **optimize our stocks of mobile devices**. In 2021, this led to almost 30% reduction in missed sales (compared to 2020 figures).

AI models detect the **necessity for a field technician or a splicer to intervene**. Through such "next best action" predictions, 25,000 unnecessary interventions were avoided in 2021.

Our AI efforts enable us to set up relevant data ecosystems with large Belgian industries and players, and to use our telecom data for intelligent market solutions.



Scalable and compliant data infrastructure

We are **building data-driven architecture** based on a scalable and secure infrastructure. To exploit the full potential of our data, we employ state-of-the-art big data infrastructure, an advanced-

analytics toolset, an intuitive self-service interface and solid governance.

One European digital ecosystem

Since June 2021, Proximus has been a board member of **Gaia-X**. This European project is drafting a proposal for the next generation of data infrastructure. Its aim? To lay the foundations for **an open and transparent digital ecosystem**. This membership puts us at the forefront for the provision of innovative digital products and services, together with other European stakeholders from a variety of industries

Modular, resilient and cost-efficient core IT landscape

We are pursuing a modular, resilient and cost-effective IT landscape. New digital services are key to attracting customers and play a meaningful role in their daily lives. Therefore, we developed a holistic approach to IT, in order to **improve cost-efficiency**. Initiatives included:

- simplifying technology infrastructure based on modern and cloud-based solutions;
- implementing an engineering-oriented culture with reduced overheads and fewer coordinating roles;
- practices that increase automation in the software delivery process;

- simplifying business processes and products to reduce IT complexity;
- exerting clear control over demands on IT through a company-wide prioritization process.

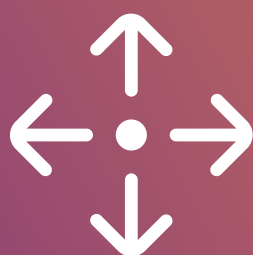
By reducing costs, we are **evolving towards pure, future-proof IT infrastructure**. In the future, we will further modernize or dismantle our legacy IT components to enable applications to run seamlessly across technologies.

Digital talents will help us to be agile and truly customer-centric

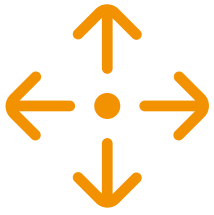
We offer our employees a wide range of **training** possibilities to improve their knowledge and skills, particularly in the digital field. On top of continuous training, we offer them the chance to **develop their careers and learn new skills** that are used within the company. We will continue to invest in new talent by recruiting from the domains of the future.

In 2021, we worked on the **redesign of our operating model**, harmonizing the agile ways of working across the different departments, creating new agile roles and updating our governance.

Read all about our digital talents and our agile operating model in the "People" section. ➡



Grow profitably
through partners
and ecosystems



Grow profitably through partners and ecosystems

Our #inspire2022 strategy is a **growth plan** in which we monetize our investments in our core business and explore new paths for growth through partnerships and local ecosystems. But we also want this growth to be sustainable, responsible and open to the outside world.

By capitalizing on our brands, customer base, networks and services we aim to return to profitable growth by 2022 and our growth will accelerate as from 2023.

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

Beyond our brands, our **network leadership** thanks to our strong investments in fiber and 5G is gradually fueling the growth of our customer base. We aim to **reach 2.1 million consumer internet lines by the end of 2022**.

” By capitalizing on our brands, customer base, networks and services we will return to profitable growth.

We pursue growth by developing **strong local partnerships** that allow us to target new business opportunities. Aside from our local Belgian partners, we also work with **global partners**. They allow us to incorporate their technology into the products and solutions that we bring to market.

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

For our **enterprise customers**, we are combining our state-of-the-art fixed and mobile networks with next-generation ICT services and our expertise, to offer our customers tools and support to **guide them through their digital transformation**.

Growth also comes from our **open wholesale strategy** and the development of our international activities through **BICS** and **TeleSign**.

By the end of 2022, we aim to generate **more than € 100 million in revenue from new non-telco domains** with amongst others, solutions such as My e-Press, Banx, Beats, Doktr, eEducation and IoT solutions as well as through customer partnerships.

Material topics addressed in this strategic pillar:

- Delivering customer promises
- Customer value for money
- Supporting small and medium business development



Growth and innovation through partnerships and ecosystems

Working together is what makes our Belgian economic ecosystem thrive. At Proximus, we believe that partnerships are **crucial to growth and innovation**. They are also a means to generate **more value**. Also, by working together we can have a positive impact on the **environment and the society** at large.

With our partners and customers, we create sound ecosystems and develop innovative solutions. To offer **better experiences** to our customers in their day-to-day life, to **better guide companies** in their digital transformation and to help tackle societal challenges.

Partnerships drive our open networks so they can become an accelerator for growth and innovation.

- Joint ventures with **EQT Infrastructure & Eurofiber** to accelerate our fiber roll out.
- Deployment of the first 25 Gbps connection on a live network with **Nokia**.

Partnerships help us bring relevant content and services to our customers.

- Launch of Banx with **Belfius Bank**.
- Launch of Doktr with **Doktor.se**.
- Creation of the aug•e platform with **BESIX and i.Leco**.
- Strengthening our cloud portfolio with **HCL Technologies**.

Partnerships help us reach our ambitions for a green and digital society.

- Development of MyFootprint, with **CO₂logic**.
- Partnership with **Signpost** in the field of eEducation.
- Partner of the **DigitAll** alliance to close the digital divide.

Staying relevant in the daily digital life of consumers and small businesses

If we want to remain relevant as a consumer brand, we need to **reinforce our customers' trust** by offering them perfect connectivity and the products and solutions that respond to their needs and expectations.

We aim to accomplish this by offering solutions that become key elements for our customers as they perform the tasks and activities that make up their days. That's why we have invested in **Flex**, which allows our customers to tailor their telecom services to their own personal needs.

Additionally, our digital ecosystems **Pickx** and **MyProximus** aim to securely facilitate access to a series of services. We also launched several new digital services and apps in 2021; we expect they will become better known, more popular and more frequently and broadly used in the near future.

Flex packs: tailored to specific needs

Flex was launched in 2020 as a series of packs that allow families to assemble a subscription based on the **needs of each individual family member**. The range of options includes entertainment, delivered by Pickx, and My e-Press, which gives users access to

Staying relevant to our customers also means offering **the best possible services at the best possible price**. Our complementary brand portfolio allows us to address value seekers as well as price-conscious consumers:

- Proximus offers the best quality and service with a comprehensive range for residential customers and companies. Through regular surveys we monitor customer's price/value perception. At the end of 2021, 80% of our residential customers are satisfied about the price/quality ratio of their Proximus pack, compared with 76% at the end of 2020.
- Scarlet's offer is aimed at customers looking for the best prices or for ways to consume more consciously.
- Mobile Vikings has a mobile offer that appeals to young people who make intensive use of mobile data.

the latest news as delivered by partners Het Laatste Nieuws and Le Soir.

We enhanced Flex in 2021 by doubling the download speed on **fiber** and offering a fiber option at 1Gbps download speed.



With **small businesses and the self-employed** in mind, we offer the **Business Flex** modular pack with the Prime service included.

Prime is a simple, personalized service that is always accessible via the MyProximus app and which enables the customer to receive **direct online support or expert assistance** through an intuitive interface for any questions regarding their products and services, invoice, or for technical problems. A dedicated expert follows up their request from A to Z and the customer stays up to date on the status of his request via MyProximus. ➡

When composing their Business Flex packs, customers can opt for services that help them **digitize their business** such as improving

their online visibility, launching an online webshop or start their advertising campaigns on Google.

Additionally, in 2021, together with our partners Google (Digital Atelier), Nedworks, UNIZO, Syntra and IFAPME, we launched webinars discussing digital topics relevant to small business owners.

In 2021, Flex and Business Flex have won over many new customers, validating our efforts to respond to changing customer needs. At the end of 2021, we had **832,000 Flex and Business Flex subscriptions**, comparing with 317,000 subscriptions in 2020.

Strong uptake of fiber subscriptions

With our fiber roll-out ongoing in 45 cities and municipalities, an increasing part of the Belgian population has access to our fiber offers. By end 2021, in the consumer segment, we counted 123,000 subscriptions on one of our fiber offers (vs 65,000 subscriptions in 2020).

Becoming a day-to-day digital companion to our customers

We are expanding our presence in the daily digital lives of consumers, taking steps to boost the adoption and usage of our digital platforms Pickx and MyProximus, and to offer easy access

to essential services such as the eHealth platform Doktr and the financial app Banx.



Pickx: Entertainment anytime and anywhere

In 2021, we continued to **develop our Pickx platforms**, both on the TV Box as well as on mobile devices.

- Launch of **Pickx+** in April 2021, an exclusive channel for all Proximus TV customers bringing sports, fiction documentaries and live events.
- Since September 2021, all customers have been able to subscribe to **Pickx+ as a separate TV option** accessible via their TVs, pickx.be and the Pickx app.
- We launched **Pickx Mix** in November. It transforms our TV portfolio to make it simpler. Pickx Mix incorporates a mixture of series, films, documentaries, kids' programming and music for

customers to watch and listen to as they please, either through the updated catalogue or through the thematic channels.

- Thanks to the extension of the **UEFA Champions League** broadcasting rights, Proximus is the only operator in Belgium to broadcast all of the top European football matches until 2024.
- Customers owning a V7 TV Box can now access **new streaming services** such as Amazon Prime and Streamz, directly from within their Pickx interface.

At the end of 2021, we reached **1.2 million active users** on our Pickx app & web platforms, compared to 1.1 million active users in 2020.



MyProximus: gateway to digital life services

For long, the MyProximus app has been the preferred place of our customers to monitor their usage and to pay their Proximus bills, but now we are leveraging our platform to bring new and exciting functions in collaboration with partners. The ambition is to **become a relevant app** in the daily life of our customers.

Some new services and features launched in 2021:

Insight into your ecological footprint with MyFootprint

With MyFootprint, an app developed with our partner CO₂logic, the customer gains insight into their ecological footprint by means of a few predefined questions. This way they can see **the direct impact of their behavior and take action** to reduce any negative effect they have on the environment. The app also keeps them informed of climate-aware actions being taken by Proximus.



Financial services with Banx and Beats

Working with Belfius Bank, we launched two services in 2021: Banx, the digital app for sustainable banking, and Beats, which combines banking and insurance with a telecom package.

Banx

Launched in October 2021, Banx is a fully digital, Belgian banking experience. Imagined by Proximus and developed by Belfius, Banx empowers its customers to **make more sustainable choices**.

It is not easy for consumers to gain a complete picture of the negative environmental effect of shipping items from one side of the world to the other. Banx gives insight into this, using a dashboard that **shows users the ecological footprint of a purchase**. For the development of this dashboard, Proximus partnered with the Swedish company **Doconomy**.

Banx is a Belgian initiative with strong **local anchoring**. Today, several local partners such as Natuurpunt, Natagora, CO₂logic and Bio-Planet are presented in the Banx app, in order to bring environmentally conscious consumers and local partners together.

Energy monitoring with EnergiID

EnergiID helps customers who want to reduce their environmental footprint by providing them with **insights and recommendations** related to their **energy consumption**.

Smart Wi-Fi at home

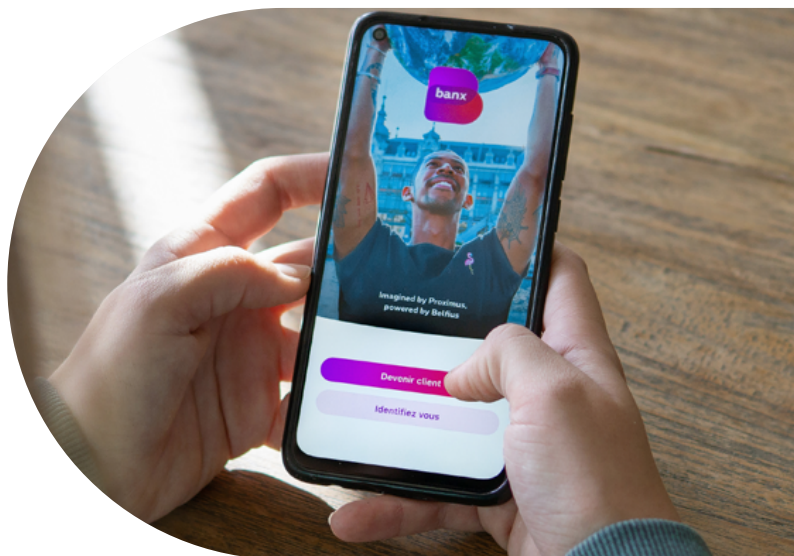
In 2021 we enhanced the possibilities in MyProximus to manage the Wi-Fi experience at home. For example, customers can now see a complete list of **connected devices**, control the Wi-Fi access of their **children's smartphones**, get guidance to find the perfect spot for a **Wi-Fi booster** and check the Wi-Fi **quality** in different rooms and receive recommendations to improve it.

At the end of 2021, **1.7 million customers** were actively using MyProximus, compared to 1.6 million active users at the end of 2020.

Beats

Beats is an exclusive, competitively priced **monthly plan** that bundles banking (accounts, cards and even insurances) and telecommunications (including subscriptions for internet, telephony, TV and mobile services).

Belfius exclusively offers this new service to the Belgian market via its own sales channels. **Belfius customers** will be able to combine their banking with dedicated Proximus mobile subscriptions and packs.





eHealth: Doktr to consult a doctor, anytime, anywhere

Launched in May 2021 with partner Doktor.se, Doktr is another step in Proximus's ambition to move beyond typical connectivity services to digital solutions that are essential in people's daily lives. With Doktr, set-up as an **open eco-system**, Proximus wants to

stimulate innovation and digitization in the healthcare domain, for the benefit of doctors and patients.

Doktr is a secure and convenient application to get **fast and personal medical advice** from a recognized Belgian doctor through a **video consultation**. The app uses **Itsme** for secure login and incorporates a strong data privacy policy.

At the end of 2021, more than 100,000 people downloaded the Doktr app and the service has 18,700 registered users. By end 2021, the service had achieved an impressive **94% patient-satisfaction rate**.

In the future, we will continue to expand the app with specific features that will open even more possibilities. For example, as from beginning of 2022, doctors will be able to hold video consultations with their own patients and patients will have the opportunity to connect with their own doctor through the platform.



Growing towards a local digital ecosystem

In our ambition to be relevant in the daily digital lives of Belgians, we are expanding the number of services that we offer through mobile applications. For this we not only build on our **own services**, but we also work with **strong local partners**. By doing so we are laying the **foundation for a local ecosystem** that brings a better digital experience to end users and that supports local companies to reach a relevant audience.

In 2021, for example we added new digital services in MyProximus, both from ourselves (e.g. Smart Wi-Fi), but also from partners (e.g. EnergielD) and we have invested in new digital apps such as Banx and Doktr.

With this approach, we see ourselves appearing on the home screen of every Belgian smartphone.

A national advertising ecosystem with local partners

Ads & Data, a new national advertising management agency created by Proximus/Skynet, Pebble Media, Telenet/SBS and Mediahuis, started in April 2021. With a whole range of **strong local and international media brands** and a wealth of **qualitative data**, Ads & Data helps advertisers bringing their message to the right people at the right time. The initiative aims to empower the Belgian media industry by keeping advertising expenditure in Belgium.



Be the trusted partner for companies in their digital transformation

For our enterprise customers, Proximus wants to strengthen its position as the **trusted partner in digitizing their business**, offering converged telecom and ICT solutions. Such partnerships are much needed, with technology evolving faster than ever and COVID-19 putting digital transformation high on companies' agendas. We are well-positioned to guide customers in their digital transformations as lines between telecom and IT are blurring: networks are increasingly dependent on software, and more and more communication takes place digitally.

Companies require **convergent ICT solutions** that combine telecom and IT assets. We invest heavily in both our gigabit networks (5G/Fiber) and in further strengthening our IT capabilities in areas like cybersecurity, the cloud, digital workplaces, big data and the IoT (Internet of Things).

We drive technological leadership and innovation through **strategic partnerships** with hyperscalers like Microsoft and Google, leveraging their technology such as Google Cloud, Microsoft Azure or Microsoft Teams.

Global operational partnerships complement our ICT capabilities to accelerate our growth in specific domains such as Cloud with partners like HCL Technologies.

Also, our **ecosystem of ICT affiliates** provides us with a unique combination of assets and unique skills to create solutions and applications that accelerate the digital transformation of companies, industries and end-users. ➡

Together with our customers, we are **co-creating 5G, IoT and edge computing use cases**, leveraging our 5G innovation platform. This is vital to our ambition to take the leadership position in domains like these where there is significant potential for long-term growth. We aspire to **venture into new domains**, like smart building and smart energy, by setting up local partnerships and ecosystems, as we have accomplished with aug-e, the platform for smart building solutions, developed in partnership with BESIX and i.Leco.

As a partner of choice for companies in their digital transformation, we are contributing to building a robust and sustainable digital economy.

We help customers throughout their customer journeys

The number of companies investing in new technologies such as the cloud, security, IoT or digital workplace solutions is growing. However, they do not always have the right expertise or experience in-house to implement these technologies.

That's why we want to be **more than a technology provider** to our enterprise customers. We are doubling down on our professional services, helping our customers throughout their customer journeys. We offer them strategic and technical consulting, help them to implement solutions, and unburden them by delivering managed services.

More specifically for Cloud solutions, our specialists will help migrate applications and data to the new cloud architecture and assist companies with the daily operation, maintenance and support of their IT needs, such as cloud monitoring or security management.

Degroof Petercam successfully upgrades its digital infrastructure

Thanks to Proximus and its affiliate Telindus Luxembourg, Degroof Petercam switched from old, energy-consuming servers to ultra-modern, eco-friendly external servers and can count on our support teams 24/7.

We help enterprises with their digital transformation

Digital workplace solutions

The COVID-19 pandemic has brought on a new, hybrid way of working. For businesses, this has posed many challenges that go beyond IT needs. Through our **Workplace-as-a-service (WPaaS)** offering, we help them to make it possible for their employees to work anywhere, on any device, alone or together. Proximus provides everything employees need to achieve their goals. This includes computers, mobile devices, equipment for meeting rooms or ergonomic home offices, as well as the software for smooth collaboration and communication. We also manage

the lifecycle of all devices and take care of software licenses, the quality of internet connections and security, both at home and in the office. In the event of problems, we provide remote and on-site support.

Moreover, for SMEs, hybrid working is a core element of their digital transformation. At the end of 2021, **80,000 SMEs** were using a **digital workplace solution** through our affiliate **ClearMedia** compared with 53,000 in 2020, an increase of 51%.

Security

As companies move forward with their digital transformation, the importance of securing data and applications is growing.

Together with our customers **we develop action plans** to prioritize, map risks in their IT environment, allocate resources, discover threats, investigate incidents, automate actions and much more. For each security aspect we offer a **complete portfolio of solutions**.

Isabel Group stays one step ahead of cybercrime

Isabel Group ensures a secure and reliable exchange of digital documents, payments and identities for organizations, accountants and banks. Our affiliate Davinsi Labs is Isabel's permanent partner in security monitoring and testing.

Cloud solutions

Our cloud solutions and expertise allow us to help our customers to digitize their business. We facilitate a phased migration of legacy workloads running **from on-premises solutions to hyperscalers**, all while continuing to perform in a hybrid context.

To further accelerate the growth of our cloud portfolio, in September 2021, we signed a **partnership with HCL Technologies**, a global technology company. HCL Technologies now manages and services our private cloud infrastructure and is working with us to become a provider of hybrid cloud solutions for our enterprise customers.

Mid-2021, we also launched **CloudFusion**, an orchestration platform that helps companies to transition onsite applications to any public cloud and actively manage their hybrid environment.

For small and medium-sized enterprises we offer **SME in the Cloud** through our affiliate ClearMedia. It entails all solutions an SME needs to access data and applications anywhere, anytime, in an efficient and secure way.

Notaries working in the cloud

A specific version of our "SME in the Cloud", aimed at notaries, was launched in 2021. This solution offers more advanced security and is directly integrated into the BNN, the Beveiligd Notarieel Netwerk or Secured Notary Network – also a Proximus solution.

Software-defined networks

New ways of working, connected objects and cloud adoption have a tremendous impact on the security, agility, performance and reliability requirements of modern ICT infrastructure. A traditional, static network, however, offers very little information about what is happening on the network. Installing a completely **new software layer (SD-WAN)** ensures that the end-to-end infrastructure remains manageable and secure. Via SD-WAN, the customer network can easily and securely connect to clouds, whether public, private or hybrid.

Through our broad vendor portfolio, such as Fortinet or Cisco Meraki, we cover all customer segment needs.

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

Armonea chooses SD-WAN

Armonea opted for an extra SD-WAN software layer. As a result, it can now quickly roll out new applications in the group's care centers, service flats and residences. All data traffic is managed in a smart, simple and secure way.

Next-generation mobile networks

When it comes to the implementation of 5G, Proximus is determined to maintain its leadership position. Besides significantly improving network connection, our efforts in the field of 5G extend to delivering use cases to our customers through our **5G innovation platform**.

In 2021, we saw an increasing interest in our **5G mobile private networks (MPN)**. Although 5G is still in its early stages, at the end of 2021 five companies had already implemented a 5G MPN. Additionally, more than 100 customers across very different sectors including manufacturing, logistics, public safety and media, were considering deploying a dedicated 5G network.

Analytics, the Internet of Things and other applications

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. Through our services, such as our Internet of Things (IoT) solutions, Proximus Analytics and APIs, enterprises can collect data that allows them to take objective choices to **improve and automate their processes**. Data analytics and IoT are also proving their **value within our society** in numerous ways such as solutions to optimize energy consumption, for sustainable weed control in the agricultural sector or for a more efficient healthcare.



A wide range of industries currently uses our IoT and data analytics solutions to improve and automate processes and to develop innovative solutions. In 2021, **3.3 million objects** were connected to our IoT infrastructure.

Schröder

Schröder together with our affiliate Codit, developed a smart public lighting solution, allowing cities to save energy and reduce light pollution without compromising safety.

ENGIE

Our affiliate Codit helped ENGIE to put Microsoft Azure IoT solution in place to maximize real-time control of its renewable energy production sites, including wind turbines and solar panels.

First modular packs for small and medium-sized enterprises

Besides offering tailored solutions for larger companies, we also have **standardized yet modular** ICT offerings or packs for small and medium-sized companies. These include our Enterprise Pack Together or our SME in the Cloud offering.

In September 2021, we launched **Enterprise Pack Together**, offering a broad mix of telecom (both fixed and mobile) and ICT

solutions and support. Customers put together their own pack, meaning they only have to pay for the services they actually use.

We secured our first customers for this new pack in 2021; yet the real take-off is planned for 2022.

Developing smart solutions in specific domains

With our smart end-to-end ICT solutions, we do more than just tailor our offerings to different segments. We strongly believe technology can act as a force for good. That's why we continuously leverage our technology to **address critical societal and environmental challenges**, aiming to improve the lives of people everywhere while delivering true value.

5G innovation platform

In 2021, Proximus made its 5G innovation platform available to its enterprise customers. It allows them to **explore the potential of 5G** for their specific businesses in a secure, innovative and cost-effective way through specific use cases. In doing so, we

enable **open collaboration with all potential partners**: innovative start-ups, established companies in healthcare, the agricultural sector, construction, retail and many more ... Being able to test their 5G projects live is vital for companies before they commit to making further investments. In 2021, 20 use cases were tested on the platform.

In October 2021, **Wallonia's first 5G Lab**, designed to allow industry players to experiment with 5G applications and share their experiences, was launched. The 5G Lab was developed by the A6K 5G consortium, made up of industrialists and research centers under the guidance of Proximus.

5G drone application enables targeted weed control

In June 2021, researchers demonstrated innovative technology for **more sustainable** weed control. A fully automated drone with a high-tech camera instantly transmitted field images to the cloud via a Proximus 5G antenna. Artificial intelligence (AI) decoded the images in real time so that crops and weeds could be distinguished from each other. This resulted in a detailed task map, after which a self-positioning tractor with an intelligent sprayer exclusively treated the indicated weed sites. Meanwhile, initial figures indicate that thanks to the application, the use of crop protection agents can be reduced by up to 80%.



eHealth

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

Supporting healthcare sector during COVID-19

Proximus installed and connected IT, IoT and communication infrastructure in 41 fixed and 12 mobile **vaccination centers in Wallonia**.

Cohezio uses Proximus IoT solutions to monitor the temperature of 120 refrigerators for COVID-19 vaccines.

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 MeetDistrict, Mapwize and Be-Park) that enable us to offer our customers a large range of smart building solutions.

In September 2021, Proximus and its long-standing strategic partner **BESIX** invested in **i.Leco**, a technology start-up specializing in building energy management. Together they created the **aug-e platform**, which connects physical buildings to digital applications allowing to **optimize energy consumption and reduce carbon footprint**.

For the transformation of **our headquarters** in Brussels, we will also make use of smart building solutions. More information on this project page 78.

3D visualization of construction projects with Mr Watts

For B&R Bouwgroep – Hooyberghs, we partnered with Mr Watts around the 3D visualization of building projects for the construction sector. This application was developed within the frame of the 5G innovation platform.



eEducation

Due to the COVID-19 crisis, our education system was seriously disrupted and the need for digital tools to enable distance learning was enormous. This accelerated Proximus' eEducation ambitions and we have set the ambition to provide maximum **support to schools, teachers and students in their digitization challenges** to apply new ways of learning.

To this aim, in April 2021, we joined forces with **Signpost**, the Belgian market leader for ICT solutions in education. Together we offer **Academic Connect**, an integrated solution, from secure Internet access and Wi-Fi, through hardware and software, to digital content and a professional ICT helpdesk.

As high-quality digital education depends on good connectivity and robust infrastructure, Proximus is aiming to equip as many schools as possible with fiber. By the end of 2021, **more than 80 schools** opted for Academic Connect, of which 44 were equipped with a **fiber** connection.

Smart mobility

Proximus affiliate **Be-Mobile** specializes in smart solutions for sustainable mobility.

In November 2021, the Flemish government approved the contract between the Agency for Roads and Traffic (AWV) and Be-Mobile to realize and operate **Mobilidata**: a mobility project for safer, smoother and more sustainable traffic in Flanders.

Going forwards, for the enterprise market we intend to take full advantage of our growth opportunities by:

- investing in our professional and managed services;
- accelerating our leading cloud strategy and continuing its roll-out through our partnership with HCL Technologies;
- continuing to co-create 5G use cases with our customers and further boosting fiber roll-out;
- becoming even more digital- and data-driven.



Act for a
green and
digital society



Act for a green and digital society

Climate change has our full attention. There is no denying global warming has become a reality that we have to deal with immediately. To this end, the Paris Climate Agreement initially acknowledged scientifically based targets aimed at limiting global warming to well below 2°C.

Subsequently, in October 2021, the Intergovernmental Panel on Climate Change warned that to avoid catastrophic impacts from climate change, temperature rises would have to be kept below 1.5°C. GHG emissions would need to be halved by 2030 and drop to zero by 2050. Proximus committed to Science Based Targets initiative's (SBTi) Business Ambition for 1.5°C and committed to net zero by 2040.

” We embed green sustainability in our business decisions, and use technology to the benefit of the environment.

In terms of limiting our impact on the environment, we have already achieved a lot. But there's still work to be done. We will accelerate from fixing core issues to playing a leading role in Belgium's green transition. And to achieve this, we are comprehensively **embedding green sustainability** in all our business decisions, and make sure we **use technology and innovation to the benefit of the environment**.

Another important challenge we're facing is **bridging society's digital divide**. In a world that is becoming increasingly reliant on technology, there is a growing divide between those who have access to technology and those who don't. Without information and communication technologies such as the internet, computers and smartphones, and the digital skills required to operate them, people will inevitably be excluded from the digital economy. It is important to note that the acceleration of the digitization of society during the COVID-19 crisis has made the situation even more acute.

Proximus is taking action to **create a more inclusive digital society**. This involves establishing a trusting relationship; as such, **security and privacy**, especially in relation to customer data, are a key priority to us. That's why we are continuing to invest in our people, systems and customer solutions to ensure they meet the highest security levels. By instilling digital trust and inclusion through education and accessibility to technology, we want to **make the digital world accessible to everyone so that everyone can thrive**.

Material topics addressed in this strategic pillar:

- Human rights
- Sustainable infrastructure
- Responsible supply chain
- Circular economy
- Energy and CO₂ emissions
- Digital access
- Privacy & data security



Contributing to a green society

Proximus has a dual role to play in terms of climate impact. On the one hand we act and **reduce our own environmental footprint**, and on the other hand we **empower consumers,**

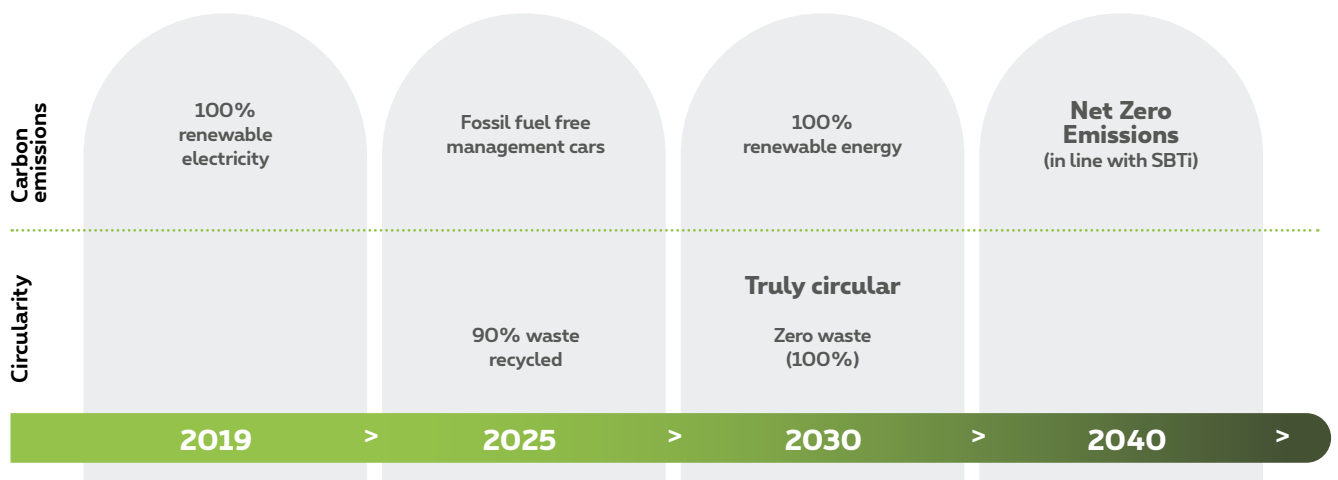
businesses and organizations with our technological developments to make all our lives more sustainable and better for the planet.

Act upon our own footprint

Setting ambitious goals

At Proximus, we are committed to decreasing our ecological footprint. This isn't new. But our ambitions reach further than ever before: we will **take action across our entire value chain** and will continue the **transition towards a circular economy**.

In 2021, by joining the European Green Digital Coalition, we have pledged to reach **net-zero emissions** across all three scopes (below), covering our total footprint, **by 2040**. Additionally, we aim to **become a truly circular company, achieve zero waste and use 100% renewable energy by 2030**.



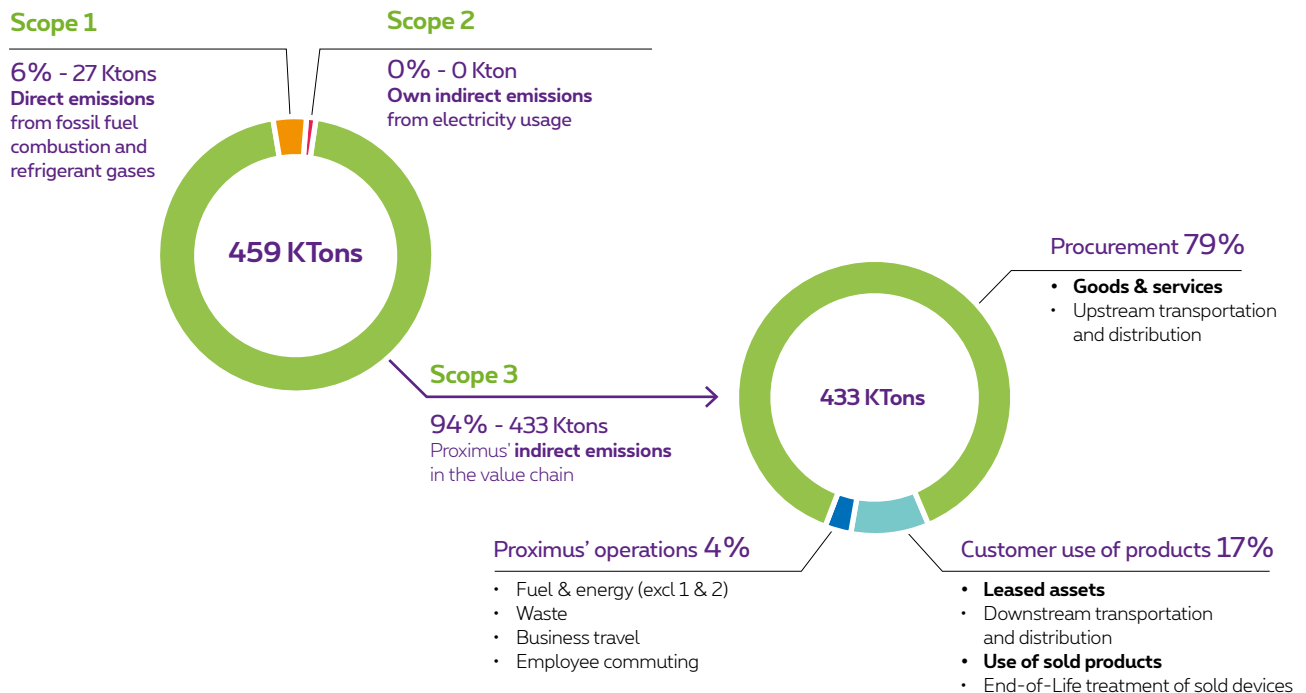
Status on our net zero and truly circular ambitions

Carbon emissions

Aside from achieving concrete goals, in 2021 we have carefully examined our carbon emissions, identifying areas that need improvement.

Today, we are using
100% green electricity.

Breakdown of Proximus CO₂ footprint in 2021 (Scope 1 – 2 – 3)



Scopes 1 and 2: Our direct and indirect emissions

Looking at our carbon footprint, we are managing our own emissions quite effectively. Since 2016, we are **carbon neutral for the activities that lie within our direct control**. Albeit by supporting certified Gold Standard climate projects that reduce or absorb emissions in developing countries.

To date, 26.6 Ktons of our own emissions remain to be reduced in order to reach zero by 2030. As such, we have focused on electricity sourcing and electricity consumption. In 2019, we made the switch to **100% renewable electricity**. Additionally, we are working on creating a more **energy-efficient network** by focusing on our technical buildings, mobile network, fixed access network and data centers, and have invested in more sustainable **transportation**.

Scope 3: Indirect emissions resulting from our value chain

Our indirect emissions, which are highly concentrated within our procurement activities, are 16 times the amount generated by our own operations. They account for about 94% of our indirect emissions.

Of the emissions generated by our value chain, more than half are **concentrated among our top 18 suppliers** and the other half is generated by a long tail of over 4,000 vendors: a combination of large global enterprises and smaller, local players who often lack the resources needed to manage their carbon footprints.

Reducing these indirect emissions is **our main challenge**; it requires our suppliers to commit to reducing their carbon footprints and engaging more sustainable supply chains.

2021 achievements

Transportation

- In 2021, more than 40% of the new **management cars** we ordered were electric or hybrid. In the most recent purchase, at the end of the year, more than 70% of the cars were electric or hybrid.
- In June 2021, Proximus teamed up with companies like Danone, Delhaize, Schoenen Torfs and Telenet to come up with an efficient and **sustainable way of delivering parcels** to consumers and stores. Starting early in 2022, we will collectively launch a project in which cargo bikes and electric delivery vans are used for deliveries across Antwerp. This will complement the deliveries by cargo bike we already organize for our stores in Antwerp, Brussels, Ghent and Liège.

Network

- We have drastically simplified our network by **replacing technical buildings** with an innovative concept of compact units, which has so far delivered energy savings of more than 23 GWh or a reduction in CO₂ emissions of 4.1 Ktons per year.
- We continued to rapidly **phase out old network equipment** like legacy voice switches. This allows us to incorporate new, more energy-efficient technologies.
- The accelerated **fiber roll-out** in 2021 allowed us to significantly reduce the number of remaining street cabinets and to make them more compact, thus helping to reduce the associated energy consumption.
- Thanks to the shared **mobile access network** with Orange Belgium, we will be able to dismantle more than 30% of our mobile sites in the coming years. Once operational, this will lead to a **reduction of approximately 20% of our total annual**

energy consumption, the equivalent of the consumption of 10,000 Belgian households.

- In our **data centers**, we further improved the efficiency of our power consumption and optimized our server fleet. By improving the efficiency of air handling units, we reached a Power Usage Efficiency (PUE) of 1.49 at the end of 2021. This represents a 25% decrease for the last decade.

Energy

- In December 2021, the decision was taken to work with more sustainable electricity sourcing through a local Power Purchase Agreement.

Buildings

- For the **renovation of our Brussels headquarters**, we have selected construction companies that adhere to strict sustainability criteria. The project will contribute to the realization of our bold ambitions for decarbonization and fossil fuel-free buildings. Through smart energy monitoring, our energy use will be more efficient.

Suppliers

- At the end of 2021, 74 suppliers have signed our **Manifesto**, 53 more than in 2020. By signing, they have committed to working together with Proximus to reduce their carbon footprints and to produce more circular products. In total, these suppliers represent 50% of our annual expenditure, including expenditure relating to our network operations.





Circularity

Moving towards a circular economy

With the planet's natural resources gradually running out, the linear economic system of "take, make, waste" has reached its limits. It is time to transform the pattern of consumption and disposal into a **sustainable circle of reuse**. At Proximus, we are dedicated to moving towards a circular economy: a concept based on the idea of **no longer depleting raw materials but reusing them** instead. This also reduces pollution and waste production and gives natural resources an opportunity to recover.

In 2021, we performed an investigation across all five commonly accepted circular business models and identified the domains that are relevant to Proximus as a telecom operator. These three domains – **devices, network & data centers, and real estate & facilities** – have been assessed according to maturity and the initiatives that are already in place. For example, we refurbish our devices and offer refurbished phones in our product catalogues. Additionally, our devices are designed to be easily refurbished.

Proximus covers already most of the circular models relevant for telecommunications companies

The 5 Circular Business Models	Devices	Network & Data Centers	Real Estate & Facilities
1 Circular Inflow	• Baseline & target set for CPE • Refurbished phones offer • Fairphone in catalogue • CPE redesign done	Network design assessment	New circular headquarter building
2 Sharing Platforms		Mobile network sharing	
3 Product-as-a-Service (e.g. Lease model)	CPE-as-a-Service model (residential segment) Smartphone-as-a-Service model (enterprise segment)		
4 Product Use Extension	Repair & refurbishment of devices	Resell of network equipment	Refurbished offers for furniture and assets
5 Resource Recovery (End of life recycling)	Collection program for CPE & smartphones	Recycling upon network phase out	

CPE : Customer Premise Equipment

2021 achievements

Devices

We are implementing various actions to reduce device waste by **repairing, reselling or refurbishing devices**.

- At our **distribution center** in Courcelles, we perform the **on-site refurbishment** of modems, decoders, power supplies, Wi-Fi Boosters and smartphones. By the end of 2021, after careful inspection and testing, 845,000 devices had been given a second life.
- With our **Don't Miss the Call** initiative we collect old mobile phones for refurbishment or recycling. Devices that are no longer suitable for reuse are recycled by our partner Umicore, allowing the valuable raw materials in the devices to be reused. Our ambition for 2021 was to collect 150,000 phones. Despite the impact of COVID-19, at the end of 2021, our shops and partnering companies had collected 80,000 old mobile phones.
- Since September 2021, our Proximus shops and online shop offer customers **refurbished smartphones** as an alternative to new devices. These devices are thoroughly checked and come with a two-year warranty, just like new mobile phones. In addition to offering these devices, we make information on refurbishing and recycling available to our customers online.
- The Engage pack for enterprise customers makes it possible to **lease smartphones and tablets** following the "device-as-

a-service" model. At the end of a contract, depending on their condition, devices are recycled or sold on the second-hand market. In 2021, we entered into agreements for another 12,500 active packs (for a total of 17,000 packs).

Network

- When replacing our copper networks with fiber, we recover the copper cable for recycling. In 2021, we recovered a total of **859 tons of copper cable**, from which 811 tons directly from the network.
- We have begun implementing the **mobile network sharing agreement** we entered into with Orange Belgium in 2021 (MWingz). The redundant end-of-life materials from those dismantled mobile sites, such as antennas, pylons and RAN equipment, will be recycled or resold to give them a second life.

Buildings

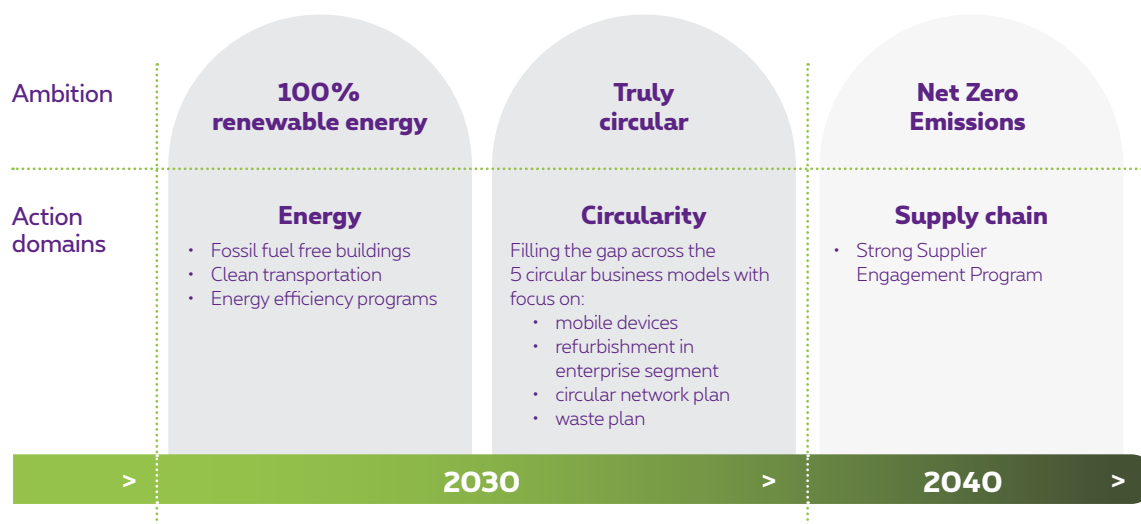
- For the renovation of our **headquarters in Brussels**, we are working with construction companies that adhere to a set of sustainability criteria relating to circularity.
- We will also recycle as many materials as possible and further explore other circular principles.

The road ahead

Our future initiatives will tackle our emissions in two different ways. On the one hand, we need to **rule out the use of fossil fuel** in our buildings and vehicle fleets and ensure that our suppliers and partners follow our lead. On the other, we need to **focus on efficiency programs** that mitigate the high energy use associated with telecom infrastructure.

We are committed to **embedding circularity in everything we do**. Whether it is the roll-out or renewal of our network, the new products and services we launch, the recycling of disused network components or the choices we make while refurbishing our headquarters, we always reflect on how best to apply circular principles.

Energy, circularity & supply chain are the main areas to achieve our net zero & truly circular ambitions



Energy

To achieve our **ambition of using 100% renewable energy** – and hence being carbon neutral without compensations – by 2030, we will invest a total of € 17 million in the time frame 2021-2030. We will continue to phase out our technical buildings, renovate our headquarters in Brussels, and equip our other office buildings with alternative heating technologies. Additionally, we will continue the transition to clean transportation by electrifying our fleet and investigating alternative forms of transportation.

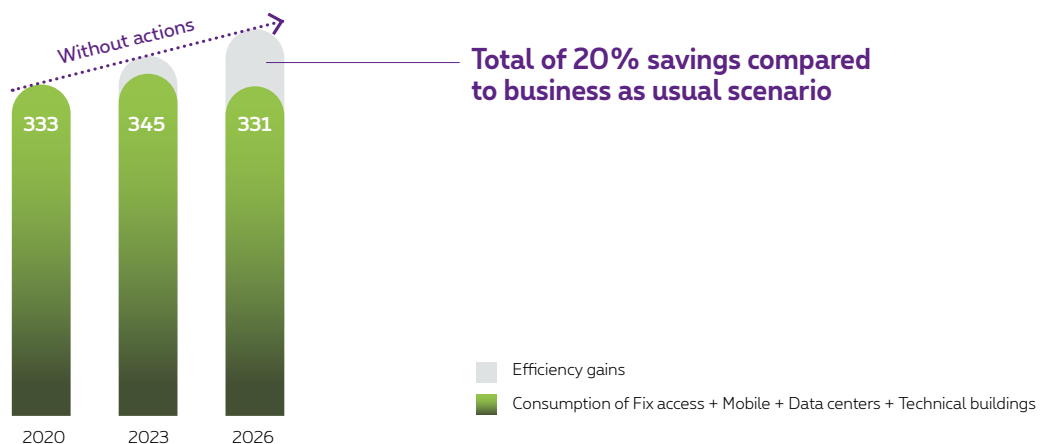
In the next five years, data traffic is expected to increase by 400%, a growth of 35% per year, resulting in increased energy consumption. To keep the electrical energy consumption flat despite the growing demand, we will implement **network energy-saving initiatives**, such as:

- An acceleration of the **fiber network** deployment and the dismantling of legacy infrastructure.

- The consolidation of our mobile network, **investments in 5G** energy efficiency and extra Advanced Analytics initiatives. One of the main advantages of 5G is that it has been designed to address energy issues, which is why the technology has built-in calibrated efficiency mechanisms. In the long term, these mechanisms are expected to **reduce the energy consumption of the future network by a factor of up to 10** compared to the energy consumption of 4G networks. Despite the expected high increase of data traffic, the increase in energy consumption of our mobile network will be limited to only 40% by 2026 thanks to 5G energy efficiency. This is mainly achieved by activating graduated Sleep Modes. The basic principle is simple: one or more 5G network components are selectively turned off in the absence of traffic. These green ICT initiatives have been thoroughly investigated and will be deployed from the beginning of the roll-out.

Flat electricity consumption thanks to our sustainable network infrastructure

Electricity consumption (in GWh)



Additionally, we want to implement the use of a completely green, local electrical supply for our company. Today, we are already using 100% green electricity. And 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.

Circularity

To become truly circular by 2030, we will further focus on circular business models. These are our key action areas:

- **Fixed devices:** promote refurbishment in the enterprise segment and continue to redesign the devices we introduce to the market. Our efforts will focus on reducing energy consumption and minimizing the use of plastic, raw material and packaging.
- **Mobile devices:** move towards more circular value proposals across the consumer and enterprise segments.
- **Define circular baselines and set targets** for both our network and the equipment at our customers' premises.

In 2022, we will also develop a roadmap detailing the clear steps to be taken to fulfil our **zero-waste ambitions by 2030**.

Supply chain

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 engage more sustainable supply chains themselves.

However, the Manifesto is only a first step. Through our **Supplier Engagement Program**, due to take shape in 2022, we will set detailed expectations and KPIs for our suppliers and implement clear, **binding commitments**. We aim to onboard our suppliers and work together with them in setting and achieving these targets. The program will demand a diverse approach, with different levels of commitment based on the different corporate-maturity levels of different suppliers.

Empowering customers to act on their footprints

Besides lowering our own emissions, we have a unique opportunity to enable our customers to do the same, serving as a **catalyst in Belgium's green transition**. How? By working together with our customers and partners, and developing innovative, green solutions. Smart solutions in domains such as agriculture, finance and construction can help other industries, as

well as consumers, to reduce their carbon emissions. That's how we are helping to make positive changes for the climate.

In 2021, our telecom solutions such as videoconferencing, helped our enterprise customers reduce their CO₂ footprints by a combined total of 502 Ktons.

MyFootprint



Some initiatives that have enabled consumers and enterprises and to lower their carbon footprints are:

MyFootprint: available in the MyProximus app to give customers an idea of their own CO₂ emissions.

Banx: the digital app for sustainable banking.

aug-e: the platform created with BESIX and i.Leco for smart building solutions.

In November 2021, Proximus and the city of Mechelen joined forces launching a pilot project in which **charging stations for electric vehicles** are connected to street cabinets for Proximus telecom equipment. If deemed successful, the project will allow thousands of new charging stations to be created.

As we move forward, we want to play a leading role in Belgium's green transition and enable our customers and society to decarbonize their footprints. To do so, we will provide them with

insights into their footprints and tips and tricks to improve. Via our gigabit network deployment, we will push innovative digital solutions that have the potential to reduce CO₂ emissions.

Compliance and recognition

Proximus is internationally recognized for its sustainability efforts.

The CO₂-Neutral label

Since 2016, Proximus is recognized as a CO₂ neutral company for its own operations. We achieved this through sustained efforts in the areas of transportation, heating and electricity consumption. As for the CO₂ emissions that we are not yet able to reduce, we offset them by supporting projects that reduce emissions in developing countries.

CO₂logic and Vinçotte, an independent certification body, developed the "CO₂-Neutral" label, based on the internationally recognized PAS2060 standard.

CDP

In 2021, Proximus received a Climate Change A- score, showing our leadership position for our action on climate change. Proximus is also listed as a 2021 CDP Supplier Engagement Leader.

Global environmental non-profit CDP's annual scoring process is recognized as the gold standard of corporate environmental transparency. CDP assesses participating companies based on the comprehensiveness of disclosure, awareness and management of environmental risks as well as demonstration of best practices associated with environmental leadership, such as setting ambitious and meaningful targets.

SBT - Science Based Targets

Proximus was the first Telco with an approved SBT (WB2C) in 2016 to reduce 30% of its direct greenhouse gas emissions (for the period 2015-2025) and 50% of its indirect emissions (for the period 2014-2040).

In 2021, Proximus committed to SBT 1.5°C and in 2022, we will have our targets validated in line with the new SBTi Corporate Net-Zero Standard launched in October 2021.

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets.

RE100

The RE100 initiative recognized that Proximus met its goal of sourcing 100% of its electricity from renewable energy.

RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity with the mission to accelerate change towards zero carbon grids at scale.

EcoVadis

In 2021, for the fifth time in a row, Proximus received a Gold label from EcoVadis.

EcoVadis allows companies to assess their environmental and social performance as well as those of their suppliers through a questionnaire on the environment, labor practices, fair business practices and sustainable procurement which results in a company's overall rating. EcoVadis is the world's most trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains.

Lean & Green 2 stars

Proximus distribution center in Courcelles was awarded "Lean & Green 2 stars" label certifying that it has cut its CO₂ emissions by 30% since 2015. This makes Proximus the first company in Belgium to receive this 2-star label in one go.

The "Lean & Green Europe" program has been run and implemented in Wallonia by Logistics in Wallonia since 2014 with the aim of cutting CO₂ emissions by at least 20% within five years. Once they sign up, participating companies define a "Lean & Green Europe" action plan which must cover at least 50% of the emissions they generate linked to transport and logistics.



Contributing to a digital society

Proximus wants **everyone to benefit from technology** in this increasingly digital world. Because even though the digitization of our economy offers many opportunities, it poses new challenges as well.

Trust and confidence are fundamental to encouraging people to seize digital opportunities. Because we want to play a leading **role in building the digital society** in Belgium, we are committed to ensuring our digital services and products are safe, inclusive and accessible to everyone, regardless of physical capacities, economic or cultural origin, education or age.

We are actively involved in developing a safer digital society. By building **cyber-resilient infrastructure** and meeting high standards in data and privacy protection, we want to empower everyone to benefit from technology.

Through collaborations and investments in education, we help people gain the digital skills they need to flourish in the digital world. This will help increase employability and ensure that the **digital jobs of the future** are filled – a determining factor in the success of our digital economy.

Closing the digital divide

Our initiatives focus on young people, senior citizens and people with disabilities. We also support people and families living on limited budgets. **How do we contribute to closing the digital divide?**

- We connect and leverage a nation-wide network of stakeholders to share know-how and tackle digital inclusion.
- We invest in the education of people of all ages and backgrounds.
- We make digital technology accessible to everyone.

We help people gain the digital skills they need to flourish in the digital world.



DigitAll: the digital inclusion alliance

DigitAll, an alliance in which BNP Paribas Fortis and Proximus are the main partners, has put **digital inclusion high on the agenda**, determined to develop and implement actions that will narrow the digital divide in Belgium.

In September 2021, DigitAll brought various governments from Belgium together with about 30 companies, public bodies and social organizations to address the topic of digital inclusion. In their efforts to narrow the digital divide in Belgium, the parties signed the **Digital Inclusion Charter**.

Empowering young and old through education

MolenGeek

We are one of the partners behind MolenGeek, an organization that helps less-privileged job seekers with an entrepreneurial mindset to **build their careers in the new digital world**. Young people can follow training courses and receive coaching to launch their own businesses. In 2021, MolenGeek extended its activities to Charleroi through CharleWood and Borgerhout through BorgerHub.

School19

Proximus is one of the founding partners of School19, the first free Belgian coding school. Since its launch in 2018, Proximus has offered internships to ten students from School19. These interns worked on data analytics and web development projects; five of them have since been hired by Proximus.

In 2021, School19 encouraged even more students to apply for its services, making sure job seekers, especially women, benefit from this new way of learning. 306 students have followed School19 courses.

Technobel

We are a founder and long-term partner of Technobel, which offers ICT training courses to job seekers, as well as information and awareness initiatives for citizens, schools and professionals. In 2021, Technobel developed a **broad training range**, including digital re-skilling and up-skilling courses.

Bednet and ClassContact

We have a partnership with Bednet and ClassContact, that allow **children living with long-term illnesses to continue their education** at home or in hospital through videoconferencing solutions.

We support these organizations by providing internet connections and financial aid. In 2021, Bednet and ClassContact helped 1,571 children, compared to a total of 1,277 in 2020. We are committed to supporting these organizations as they help more children fulfill their potential. In 2022, Bednet expects to assist at least 1,000 children and ClassContact at least 100 children.



Making digital technologies accessible to everyone

Devices

We test the accessibility of new smartphones and tablets in collaboration with the **Passe Muraille** association. Through their independent panel of people with disabilities, they guarantee **our devices meet everyone's needs**. In our online catalogue, we use icons to identify which devices are adapted to users with disabilities.

In 2021, 20 new devices were tested before being included in our range. 55% of the tested devices were deemed accessible for at least five disability categories (compared to 73% in 2020).

Digital platforms

Since 2020, our websites Proximus.be and Proximus.com have been accessible to people with hearing or visual impairments.

In 2021, we **improved the accessibility of our MyProximus and Pickx** apps for people with disabilities. We offer subtitles and audio descriptions on several channels on the TV platform Pickx. We will extend this functionality to other channels and programs in our video-on-demand catalogue. By 2024, 25% of programs in this catalogue will have audio descriptions and 25% will have subtitles.



Schools

Together with **Signpost** , Belgium's market leader for IT solutions in education, we launched Academic Connect in 2021. This solution **allows teachers and students to step into the digital era** and adopt new ways of learning.

Remote areas

We have improved connectivity in rural zones and places that lack connectivity, the so-called white zones, offering our services to people in less densely populated areas. 

Building digital trust and security

Security is our top priority when developing new infrastructure and digital services. To **guarantee our customers a safe ICT environment**, we offer them solutions for protection. We also

keep our employees up to date with the latest security practices. And because digital threats cross borders, we collaborate closely with national and international cyber authorities.

Cybersecurity within our company

In 2021, Proximus invested **€ 6.8 million in its Corporate Cyber Security Program**. This investment helps to make our company more cyber-resilient, while offering best-in-class secured services and networks to our customers. Our Corporate Cyber Security Program reinforces the protection of our critical infrastructure. The results for 2021 are as follows:

	Result 2020	Result 2021
Number of incidents and alarms handled by the Cyber Security Incident Response Team (CSIRT)	1,052 incidents 34,912 alarms	694 incidents 33,352 alarms
Social engineering attempts aimed at our employees.	349 cases	152 cases
Cyber Security Resilience Index	92.59%	96.67%

On top of these achievements, **we assisted our customers** in responding to cyber incidents. In 2021, CSIRT conducted security assessments for FOD Mobility, the National Lottery and the CHwapi hospital in Tournai.

We also need to keep safeguarding both our company data and customers' privacy. This is why we are continuously modernising

our **Identity and Access Management (IAM)** systems. Our IAM uses biometrics to provide a better and safer user experience. All this is crucial to our transformation into a digital native company.

To demonstrate our commitment to the security of our customers and stakeholders, we maintain a **Trusted Introducer Certification** and **four ISO 27001 certifications**. These cover housing and hosting in our data centers, our remote operations center and our Explore range for enterprise connectivity.

We are **compliant** with the High Risk Vendors regulatory restrictions and with the regulatory restrictions for access to critical infrastructure. We have **policies** in place that ensure our vendors always offer our customers the latest software versions to eliminate software vulnerabilities. When introducing new technologies, in-depth **cybersecurity penetration tests** are part of our standard processes.

As from 2022, we will invest more efforts and budget in cyber security which remains a top priority for Proximus and its key stakeholders.

Cybersecurity for our customers

Since the outbreak of the pandemic, there has been a **worldwide increase in cyberattacks**, involving more targeted and sophisticated phishing campaigns.

Phishing campaigns that target our customers and impersonate our brands increased, with 166 attacks in 2021, compared to 133 in 2020. Our CSIRT noticed that customers were receiving more frequent phishing messages via SMS.

Customers also blocked these numbers more quickly than before. By closely monitoring and responding effectively, our CSIRT prevented **1,131,110 customers** from accessing fraudulent websites in 2021.

Since November 2020, Proximus collaborates with the Centre for Cyber Security Belgium on the **Belgian Anti-Phishing Shield (BAPS)** project to protect its customers. This project, a Proximus initiative, engages all Belgian telecom operators to block phishing websites that have been identified and verified by the Centre for Cyber Security.

Besides phishing, Proximus observed a new and worrying trend in 2021. **Distributed Denial of Service attacks (DDoS)** are causing business disruptions within Belgian companies and governmental institutions. They flooded several public services with so much data that they stop functioning. Therefore, we made additional investments to the security of our network to increase protection from DDoS attacks. Our actions were successful: in 2021 we

effectively blocked DDoS attacks that targeted us, avoiding any inconvenience for our customers.

In December 2021, Proximus launched **Cyber Care** in collaboration **with AXA**. This makes Proximus the first operator on the Belgian market to launch an **insurance policy** of its kind. Cyber Care offers 24/7 assistance, providing legal, financial, psychological and technical support to victims of internet fraud.

The insured can also make reports of suspicious online activities, allowing Proximus to take preventative action.

Public awareness remains the best way to mitigate the risk of attacks. The CSIRT posts warnings on social media whenever a new phishing campaign is detected. In addition, the Proximus Security Operations Centre monitored 33,908 notable events, alerting enterprise customers of incidents and remediating them.



Cybersecurity for the public and institutions

Exchanging knowledge and experiences is key to cyber-resilience in organizations. In 2021, Proximus handled 350 requests from law enforcement authorities to block access to websites.

We cooperate closely with the judicial authorities and help them in their investigations in the context of criminal offences, such as the possession and distribution of child pornography.

Our current partnerships

- On a national level, we remain a committed partner to **BE-Alert**, a 24/7 public warning system by the Belgian authorities that broadcasts news and information in the event of a crisis.
- **The Belgian Cyber Security Coalition**, of which we are a co-founder, is a collaboration platform of 124 cybersecurity experts from the public and private sectors and the academic world.
- We maintain close co-operation with other European telecom operators through the **ETIS platform**, where we preside over the security workgroup. Today, 5G security is a top priority.
- We are working together with the **European Network & Information Security Agency (ENISA)** to better understand the evolution of regulations.
- To stay up to date on new cyberthreats, we also engage with **NATO**, **Europol** (Cyber Crime Centre) and **Interpol** (Global Cybercrime Expert Group).

Raising awareness on cybersecurity

Because of the digital transformation and increased cyberthreats, the need to raise awareness about cybersecurity among our employees and society at large is higher than ever.

Educating our employees

In 2021, we organized a **fully digital security week** for our employees. A total of 2,268 people took part in fourteen digital information sessions and five security guild sessions about physical and digital security at home. Special attention was paid to secure work environments to ensure our business continuity.

” The need to raise awareness about cybersecurity is higher than ever.



Due to the increase in phishing attacks, we have continued to test our employees' defences **against phishing through social engineering**. We have stepped up our efforts by organizing more frequent and diversified internal phishing simulations. This way, we make sure our employees are experts in recognizing phishing messages.

We have instructed our employees to **report suspicious messages** to the Computer Security Incident Response Team (CSIRT) via the "Report" button in their mail provider's menu. CSIRT follows up on the report with an analysis. When an employee encounters a suspicious text message, they can send it to CSIRT via 8444, free of charge. We also encourage them to report ill-intentioned emails sent to their personal email addresses by forwarding the emails to Safeonweb via suspicious@safeonweb.be.

These reports allow the Centre for Cybersecurity Belgium (CCB) to take action to prevent others from falling victim to phishing.

In collaboration with Proximus, the CCB blocks all suspicious links, preventing others from falling victim to the ruse.

Good progress was also made in the field of "**passwordless authentication**". At the end of 2021, 12,000 employees had activated "Windows Hello for Business" on their computers, an application that allows for safe and easy logging in through a pin code or fingerprint.

In addition, **Proximus Corporate University (PCU)** is continuing to develop training programs in cybersecurity. In 2021, PCU launched a course that teaches the basic principles of cybersecurity. It is open to all employees interested in the topic. We also offer corporate learning programs such as Building the Future. By the end of 2021, 70 employees were following a cybersecurity course in preparation for CISSP industry certification.

Educating society

Twice a year, Proximus takes part in the **Internet Safe & Fun Days**. Our employees, trained by partner organization Child Focus, visit primary schools to make children aware of safe and responsible internet use. In 2021, we reached 10,020 children in 167 schools (compared to 7,875 children in 142 schools in 2020).

We also teamed up with the **Centre for Cyber Security Belgium** and the **Cyber Security Coalition** for the 7th national media campaign about cybersecurity awareness. In 2021, the focus of the campaign was phishing.

Safe and private customer data

Data is at the heart of the services we provide as a telecom and digital platform provider. We spare no effort to make sure **our customers' data remains confidential and secure**. To this end, we apply strict rules and policies within our company, complying with the GDPR and e-privacy directives. More information can be found in the Corporate Governance Statement on page 83.

To allow our customers to manage their data and privacy preferences in a simpler way, we are continuously improving MyProximus interfaces.

Social engagement

Giving back to society is of major importance to us. We do this by supporting national and international projects, as well as local initiatives close to our Proximus offices in Belgium.

We **offer social tariffs** to people in difficult economic situations. In 2021, 160,225 people benefitted from our social tariffs, granted on social or humanitarian grounds (compared to 179,524 people in 2020).

We are proud to support **Be.Face, a charity organization for underprivileged people**. In 2021, we shared surplus food and drink from our offices with Be.Face. It will be distributed across Belgium.

In collaboration with NGOs and humanitarian organizations, we have installed **free Wi-Fi** in Belgian shelters for refugees and immigrants.

We continue to support **Télévie**, a charity event in Belgium that raises **money for cancer research**. We provide technical assistance, including internet and telephone lines.

As part of our Don't Miss the Call campaign, we have started collaborating with non-profit organization **Eight**. Through this project, the people of the village of Lutala in the Democratic Republic of Congo **receive a basic income via unconditional cash transfers** via their mobile phones. The cash transfers started in November 2021.



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



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

When we invest in our employees, we invest in the future. That's why we are committed to maintaining a **work environment that is inspiring, inclusive and supportive** of all our employees.

The continuous evolution of the market. The expectations of our customers and employees. COVID-19. These are just some of the reasons we have had to rethink our ways of working over the past few years. They are why we have **redesigned our office life and approach to work** by deploying a hybrid way of working – as manifested in the reinvention of our headquarters in Brussels.

In addition, we are working to fully **implement an agile operating model** throughout our organization. This will allow us to put the customer central, to meet customer expectations, to quickly adapt to the ever-changing market and further increase employee engagement.



We have redesigned our office life and approach to work by deploying a hybrid way of working.

These goals represent a significant cultural transformation for our company, where we aim to create an **environment with permanent opportunities** for both our customers and our employees.

To respond to all current evolutions, we are working to update the skillsets present in our organization. For example, we encourage our employees to take ownership of their careers by providing them with a vast array of educational tools. To prepare them for tomorrow's tasks, we emphasize **re-skilling and up-skilling** in key domains, all while taking the necessary steps to attract the best digital talents. Additionally, these initiatives will bring us closer to our goal: to be recognized by the employment market as the talent builder for the digital world.

To achieve this recognition, we are building a positive work environment. We believe that **diversity and inclusion** stimulate the creativity and innovation within our organization. We will continue to develop a corporate culture that allows all our employees to learn from each other, work together, feel good about themselves and each other, and perform to their full potential.

We are also strongly committed to fueling **general well-being**. Through various programs, workshops, campaigns and events, Proximus stimulates the physical, social and mental resilience of its employees.

Material topics addressed in this chapter:

- Workplace wellness
- Employee up-skilling, re-skilling and employability

Progressing towards an agile operating model

To future-proof our organization and boost our transformation into a truly customer-centric digital company, we decided to fully embrace **agile ways of working**.

We have years of experience in this area. Small, cross-functional and more autonomous teams deliver better quality more

quickly and collaborate better. Agile team members feel more directly connected to their customers and are more creative. Team empowerment leads to greater involvement and personal feelings of pride in everyone involved.

From a company with agile teams to an agile company

Optimizing our agile ways of working is not only about adding more agile teams. We want to harmonize agile practices across departments, formally create new agile roles, and adjust our governance. In 2021, we **redesigned our operating model** and prepared for a major organizational change for more than 4,000 people. We use a model where employees and contractors are hierarchically grouped by function and collaborate in cross-functional squads.

Our new operating model will be implemented as from January 2022. In addition to the new organizational structure and roles, making the most of our agile ways of working requires a **deep cultural shift**. We will empower our teams to work more

autonomously and determine for themselves how to create value in the most effective way.

Typically, agile teams operate in fast-paced cycles of learning and decision-making. The new operating model will gradually transform Proximus into a network of teams **driven by a shared #thinkpossible mindset** and supported by our common values: customer-centricity, agility, collaboration and accountability.

In 2022, we will continue to build on this culture by supporting our leaders in developing the necessary leadership style to foster the empowerment, growth and engagement of our employees.



Agile in operations

Our operational teams require an **adapted agile model** that differs from the one we have designed for marketing, product management, digital and IT functions.

The customer service department is piloting a new way of working in multi-disciplinary teams serving a portfolio of customers in

a "one-stop shop". Team members are empowered to answer questions and solve issues the first time.

In Network Engineering and Operations, nearly 1,000 people work according to lean principles every day. More initiatives are planned for operational teams in 2022.

Shaping the workforce of the future

We want our employees to thrive in a fast-changing world. That is why we offer them the opportunity to keep gaining knowledge and skills, particularly in the digital field. In doing so, we strive to

lead the development of the digital economy and the society of the future. All while assuring the employability of our people.

Wide range of training possibilities

Proximus offers an extensive package of learning trajectories. Through the "My Learning" platform, employees have access to thousands of courses in various forms: from classroom training to digital modules and e-books.

The subjects taught range from **mastering the basics of digital working** to specific courses designed to help employees **stay up-to-date** with developments in their fields of expertise. The platform provides them with the tools to build their futures and possibly give new direction to their career.

Because the COVID-19 crisis has hindered training in a classroom setting, Proximus completely reworked its range of training courses, making maximum use of **digital and virtual training methods**. In only a few specific cases, and always with necessary safety measures in place, training was organized in a classroom setting. In 2022, we will continue to invest in the necessary tools to facilitate virtual courses with an outstanding learning experience.

In 2021, in preparation for the start of the new agile way of working, we have invested in appropriate coaching for all our employees. Through a collaboration with the London Business School we set up leadership courses and training courses to boost innovation and to create development opportunities for emerging talents.

For 2022, we maintain our objective to reach an average of 40 training hours per employee. In the time frame of 2020-2022, we will have invested a total of € 100 million in training (including the time invested).

Training at Proximus in 2021

We invested **€ 32.34 million** in employee re-skilling and up-skilling.

Each employee took part in an average of **41.3 hours** of training, aligned with our ambitions.



Partnerships for better educational tools

To offer better and more varied training opportunities, we have partnered with two organizations:

- We are continuing our collaboration with **Technobel**. Together we developed a specific learning package for people working in the field. In 2021, 435 participants took a course from this range.
- In 2021, we launched a learning track with **BeCode** to educate 22 employees about the skills, technologies and digital jobs of the future.

Attracting the best talent

As we strive to be recognized as a talent builder and digital talent center, **allowing existing talent to grow** and attracting new talent **remain top priorities**. That is why, on top of continuous training, we offer our employees the chance to develop their careers and pick up new skills within the company. In 2021, 782 employees switched jobs internally, compared to 2,146 in 2020.

Proximus continues to invest in new skills and future generations. Through a targeted **search for talent**, we were able to recruit 172 employees in future-oriented domains such as data analysts, UX designers and IT analysts. In 2021, we also hired 20 management trainees. They are now following an extensive learning path within the company, through which they will acquire all the knowledge essential to filling future management positions.

To further strengthen our employer branding towards the external market, we launched a **new recruitment campaign**. In parallel,

we revamped our job site to attract new digital talent in a variety of functions, from data and IT specialists to shop assistants and technicians.

As the war for talent rages on, we also launched the **"Bring a Friend"** referral campaign, inviting our employees to encourage their friends and families to apply for jobs at Proximus.

In 2021, 443 employees joined Proximus.



Through a targeted search for talent, we were able to fill future-oriented positions.

Embracing the hybrid way of working

When COVID-19 hit, we seized the opportunity to review the **balance between working from home and at the office**, keeping in mind the environmental impact of commuting, the importance of face-to-face contact and the benefits and convenience that one's own home can offer.

Of course, it will take time to develop new, smarter working habits. And while remote working has enormous potential, we have also seen its limits when extended over a long period of time. We are determined to grow towards a new balance of working at the office and working from home.

Campus: reinventing the workspace

The pandemic changed our perception of the workspace. Right now, we are reinventing our workspaces through the **Campus project**, which focusses on these three levels:

- Offering employees the choice of where and how they work.
- Embracing and valorizing the magic of human connections.
- Contributing to Proximus' ambitions around decarbonization and fossil fuel-free buildings.

With Campus, our Brussels headquarters will be transformed into a **sustainable and inspiring digital campus**, connected to a network of regional hubs. Technology will optimize the experience and effectiveness of these physical workspaces. The

program will also enable us to work smarter. This supports our cultural transformation and agile way of working, and is designed to **facilitate connections, collaboration and innovation**. Our Brussels headquarters will be ready by end of 2026.



The right digital tools

Autonomous and effective collaboration are vital to hybrid working. To **facilitate digital communication**, we offer our employees a set of secure and user-friendly digital tools that can be used on any device. Over the past year we have fully deployed Microsoft Teams. All our employees now use the platform for daily communications such as calling, chat sessions and to participate in virtual meetings, as well as to support both internal and external collaborations.

WAP+, our **social enterprise portal** connects our employees at both the individual and organizational level. On the other hand, the **Spencer app** helps them **manage their holidays, absences and team calendar** on their mobile device. These digital office tools allow our people to collaborate better and maximize their own personal efficiency.

Creating a positive work environment for everyone

We strive to create a positive work environment. One where people feel good and valued, where working conditions are adapted to personal needs for a better work-life balance, in sync

with the company's ambitions and where employees are resilient, engaged and committed to making a positive contribution to our company growth.

Diversity and inclusion

Diversity and inclusion are **fully embedded** in Proximus. We think it is important to acknowledge the skills and competences of all people. By promoting diversity and inclusion, we make a vital

contribution to people's well-being and create the best conditions for our employees' personal and professional development. This also helps us to attract and retain talent.

Therefore, building teams that are as diverse as our market, and as diverse as society at large, is necessary to **ensure the sustainability of our activities**. A diverse workforce helps to maintain a work environment that fosters **creativity and innovation** and to reflect the diversity of our customers.

Find out more about our engagement in this domain in our diversity and inclusion statement. 

 **A diverse workforce helps to maintain a work environment that fosters creativity and innovation.**

Well-being

Now more than ever, well-being and resilience are essential. The headlines are everywhere: the ongoing pandemic and continuous teleworking complicate a healthy work-life balance. Our own employees are not exempt from this challenge. To improve their well-being, we took the following steps in 2021:

- We launched the **Work Smarter Charter**: a set of guidelines that encourages employees to adopt habits that help to keep a healthy balance and disconnect from work during their time off. The charter offers practical tips on how to recharge during the day, how to conduct smart meetings and how to take a step back from work.
- 1,072 team leaders participated in **well-being and resilience workshops**, teaching them how to overcome challenges, detect stress and offer support and guidance to their team members.
- We introduced our employees to the **Team Connect Kit**, a package containing exercises and four building blocks developed to initiate conversation and enhance team connection and cohesion in a digital environment.
- We continued the **FeelGreat@Proximus** program, aiming to foster a culture of physical, social and mental resilience. It includes workshops, events and communication campaigns.

To stay informed of our employees' well-being, we hold regular **employee surveys**. Through these lists of questions, we get to know about their individual situations, their commitment and motivation. This was especially helpful during the periods of lockdown. The surveys not only allowed us to assess employees' moods, social relations with colleagues and to inquire about their work-life balance, they have also helped us take the steps necessary to improving their well-being.

Under normal circumstances, our employees and their families benefit from complementary services such as daycare during the spring and summer holidays and our annual "**Proximus Fun Day**" and "**Kids Party**" events. Due to COVID-19, family days and childcare were unfortunately cancelled and substituted with other initiatives, such as Saint Nicolas gift vouchers for children of employees or tickets for the zoo or Walibi as substitute for the "Proximus Fun Day".

Last but not least, we regularly call on **social consultants** and **prevention advisors** to support our employees in different areas of well-being at work, such as the psychosocial and ergonomic domains.

Facing COVID-19 together

Managing the unprecedented health crisis was a top priority in 2021. We continuously and closely monitored the situation, adjusting our internal measures in accordance with government's guidelines. Through it all, our goal was to **protect our employees, help our customers and support society** with our telecom solutions.

When measures were briefly lifted and our employees were able to return to office, guaranteeing them a safe work environment was crucial. All the necessary health measures were put in place to avoid the spread of the coronavirus. Our progressive **back-to-work plan** kicked off in July, giving employees the option of once more working in one of our offices. In November, however, the government imposed stricter rules following a new wave of infections. Once again, all measures were meticulously incorporated to provide maximum safety for our employees.

Manage for impact, manage responsibly

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Governance and compliance



Corporate governance statement

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

Proximus governance model

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

The key features of Proximus' governance model are:

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

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

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

Board of Directors

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

Directors are appointed for a renewable term of up to four years. According to the limits for independent Directors, defined in article 7:87 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, the maximum term for independent Directors is limited to twelve years. The Board of Directors decided in 2021 that this maximum term will in the future also apply 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 will take the principle of reasonable representation of significant stable shareholders into account and any shareholder who holds at least 25% of the shares has the right to nominate Directors for appointment pro rata to his shareholding. Based on this rule the Belgian State has the right to nominate 7 Directors. All other Directors must be independent within the meaning of article 7:87 of the Belgian Code of Companies and Associations and of the 2020 Corporate Governance Code and at any time the Board needs to have at least 3 independent Directors. Proximus is proud of a substantial female representation on its Board of Directors. This composition and the complementary expertise and skills of all Directors create a dynamic which benefits the good management of the company.

Composition of the Board of Directors

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

Name	Age	Position	Term
Stefaan De Clerck	70	Chairman	2013 - 2022
Guillaume Boutin	47	Chief Executive Officer	2019 - 2024
Karel De Gucht ¹	68	Director	2015 - 2025
Martine Durez	71	Director	1994 - 2022
Ibrahim Ouassari ²	43	Director	2021 - 2025
Isabelle Santens	62	Director	2013 - 2022
Paul Van de Perre	69	Director	1994 - 2022

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

Name	Age	Position	Term
Pierre Demuelenaere ³	63	Independent Director	2011 - 2023
Martin De Prycker	67	Independent Director	2015 - 2023
Catherine Rutten	53	Independent Director	2019 - 2023
Joachim Sonne	47	Independent Director	2019 - 2024
Agnès Touraine	67	Independent Director	2014 - 2022
Catherine Vandenborre	51	Independent Director	2014 - 2022
Luc Van den hove	62	Independent Director	2016 - 2024

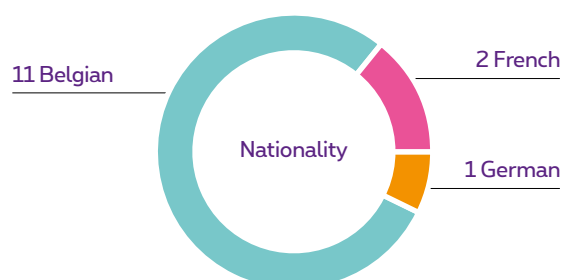
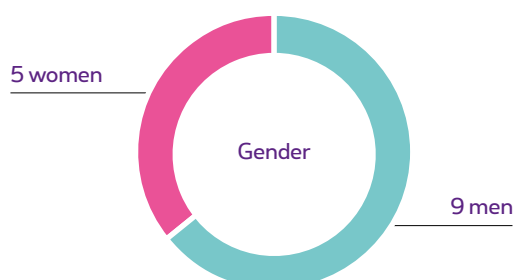
1 By decision of the AGM of 21 April 2021, the mandate was extended until the AGM of 2025

2 By decision of the AGM of 21 April 2021, Mr. Ibrahim Ouassari was appointed until the AGM of 2025

3 By decision of the AGM of 21 April 2021, the mandate was extended until the AGM of 2023

Diversity at the Board of Directors

The Board of Directors takes into account how it will enhance diversity of the Board of Directors with respect to gender, age and nationality when replacements and appointments are considered. The diversity characteristics for the Board of Directors can be visualized as follows:



Functioning of the Board of Directors

The Board of Directors meets whenever the interests of the company so require or at the request of at least two Directors.

In principle, the Board of Directors holds five regularly scheduled meetings annually.

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

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

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

The Board Charter stipulates, among other things, that important decisions should have broad support, understood as a qualitative concept indicating effective decision-making within the Board of Directors following a constructive dialogue between Directors.

Files on important decisions are prepared by standing or ad hoc Board Committees, with significant representation of non-executive, independent Directors within the provisions of article 7:87 of the Belgian Code of Companies and Associations.

Committees of the Board of Directors

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

Audit & Compliance Committee

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

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

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

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

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

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

Nomination & Remuneration Committee

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

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

- The nomination of candidates for appointment to the Board of Directors and the Board Committees
- The appointment of the CEO and of the members of the Executive Committee on proposal of the CEO
- The appointment of the Secretary General
- The remuneration of the members of the Board of Directors and the Board Committees
- The remuneration of the CEO and members of the Executive Committee
- The annual review of the remuneration concept and strategy for all personnel, and specifically the compensation packages of the Leadership Team
- The oversight of the decisions of the CEO with respect to the appointment, the dismissal and the compensation of Management

- The preparation of the Remuneration report and the presentation of that report at the Annual General Shareholders' Meeting
- Corporate governance matters.

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

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

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

Transformation & Innovation Committee

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

The Transformation and Innovation Committee is a permanent committee of the Board, discussing those selected files that need preparatory reflection and need to mature before being brought to the Board for decision. The topics discussed at the Transformation and Innovation Committee may be of diverse nature and will

evolve overtime depending on the company's needs and could deal with matters concerning a.o. technology, network, branding/marketing, sustainability, transformation, HR skills, digitalization... If appropriate, the Board of Directors can decide on establishing a special ad hoc Committee, dealing with a specific subject and composed of members with the appropriate experience.

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

Sustainability governance

With sustainability being an integral part of our #inspire2022 strategy, it has Board oversight. The commitment of embedding sustainability in everything we do is being achieved by integrating it in operational management under the supervision of the Board of Directors and under the responsibility of the CEO and the Executive Committee in the capacity of the Chief Corporate Affairs

as Sustainability Champion. Reporting and tracking happens on a monthly basis towards the Executive Committee allowing fact-based discussions and prioritization. Through the CEO Activity Report, achievements are reported bi-monthly towards the Board who also reviews progress on a quarterly basis as part of the strategic review of our #inspire2022 strategy.

The day-to-day management is done through a well-defined organization of sustainability coordinators across all business units who manage all sustainability-related projects with clear deliverables and KPIs. It is steered by a senior leader responsible for Reputation and Sustainability within Corporate Affairs.

This year we enhanced the governance process by integrating the sustainability impact into every file or initiative that comes on the agenda of the Executive Committee Meetings. Our sustainability ambitions are reflected in the STI KPIs, more details can be found in the remuneration report on page 116.

Further corporate governance, compliance and risk management information related to sustainability can be found in the

Compliance & Ethical standards section of this Governance Report, the Risk management Report, the Diversity & Inclusion Statement and the non-financial Statements.

Detailed non-financial figures can be found in the Environmental and Social Statements.

The progress towards assessing EU taxonomy alignment and implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) is explained in the non-financial Statements.

The #inspire2022 strategy ambitions and 2021 achievements can be found in the second chapter.

Deviation from the 2020 Corporate Governance Code

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

Provision 7.6 stipulates that a non-executive board member should receive part of his remuneration in the form of shares in the company. Because of its specific shareholdership, having the

Belgian State as majority shareholder, the company opts not to introduce share-related remuneration at this stage.

For the same reason Proximus is not compliant with provision 7.9 that stipulates that the Board should set a minimum threshold of shares to be held by the executives.

Conflict of interest

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

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

In accordance with article 7:96 of the Belgian Code of Companies and Associations, the CEO, Mr. Guillaume Boutin declared during

the Board of Directors of 25 February 2021 to have a conflict of interest in connection with his performance evaluation for 2020, item on the agenda of that Board meeting.

In execution of article 7:97, §1 of the Belgian Code of Companies and Associations, decisions or transactions in execution of a decision of the Board of Directors of a listed company that concern a related party are subject to a special procedure. This is the case for the agreement by which Proximus becomes a business inducer for Banx banking service powered by Belfius. Such decisions or transactions have been submitted to a prior assessment by a committee of three independent directors.

In accordance with the article 7:96 combined with article 7:97 of the Belgian Code of Companies and Associations, the Board members representing the Belgian State did not take part in the deliberation and decision on the item Banx Project, item on the agenda of the Board of Directors meeting of 29 April 2021.

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

Activities Report of the Board and Committee meetings

In 2021, nine meetings of the Board of Directors were held, five meetings of the Audit & Compliance Committee, six of the Nomination & Remuneration Committee and two of the Transformation & Innovation Committee.

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

Insider trading and market manipulation (market abuse)

In order to comply with legislation on insider trading and market manipulation, Proximus adopted a Dealing Code [🔗](#) prior to the Initial Public Offering. This Code aims to create awareness about possible improper conduct by employees, officers and Directors and possible sanctions. This Dealing Code has been widely communicated and is available to all employees. A list of

key persons is kept, and all Directors and key employees were requested to sign an affidavit that they had read, understood and agreed to comply with the Dealing Code. Closed periods (including prohibited periods) are defined and any deal must be communicated to and cleared by the Director Internal Audit & Risk Management before transaction (see "Compliance" section).

Evaluation of the Board

The Board of Directors organized a self-assessment at the end of 2021 together with external partner Guberna. This evaluation will be concluded in 2022.

Executive Committee

Chief Executive Officer

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

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

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

Executive Committee members

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

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

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

The Executive Committee generally meets on a weekly basis.

In 2021, the Executive Committee, in addition to the CEO, was composed of the following members:

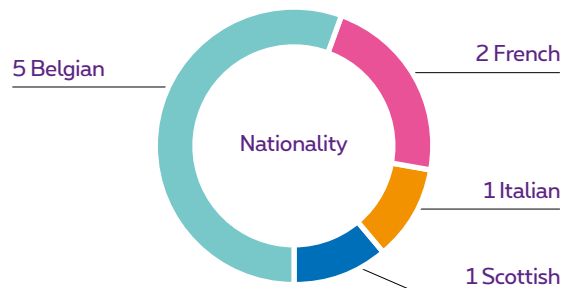
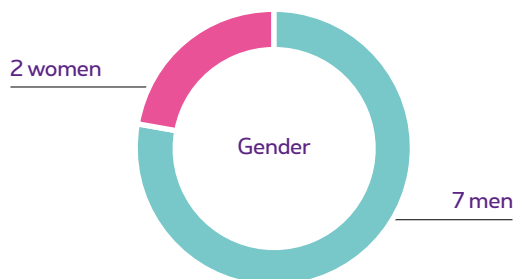
Name	Age	Position
Jim Castele	50	Chief Consumer Market officer
Anne-Sophie Lotgering	47	Chief Enterprise Market Officer
Dirk Lybaert	61	Chief Corporate Affairs Officer and Secretary General
Antonietta Mastroianni ¹	48	Chief Digital & IT Officer
Mark Reid ²	50	Chief Financial Officer
Geert Standaert	51	Chief Technology Officer
Renaud Tilmans	53	Chief Customer Operations Officer
Jan Van Acoleyen	59	Chief Human Resources Officer

1 Antonietta Mastroianni joined Proximus in April 2021.

2 Mark Reid joined Proximus in May 2021.

Diversity at the Executive Committee

The diversity characteristics for the Executive Committee can be visualized as follows:



Board of Auditors

Composition

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

- Deloitte Auditors SRL, represented by Mr. Geert Verstraeten also Chairman of the Board of Auditors
- Mr. Jan Debucquoy, Member of the Court of Auditors
- Mr. Pierre Rion, Member of the Court of Auditors (until 3 February 2021)
- Mr. Dominique Guide, Member of the Court of Auditors (as of 3 February 2021)
- CDP Petit & Co SRL, represented by Mr. Damien Petit.

Deloitte Auditors SRL, represented by Mr. Geert Verstraeten and CDP Petit & Co SRL, represented by Mr. Damien Petit

are responsible for the audit of the consolidated financial statements of Proximus and its subsidiaries. Deloitte Auditors SRL is also responsible for the review of non-financial performance indicators.

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

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

Additional fees paid to the auditors

In accordance with the provisions of article 3:65 §2 of the Belgian Code of Companies and Associations, Proximus declares the supplementary fees that it granted during the 2021 financial year to two auditors, members of the Joint Auditors: Deloitte Auditors SRL and CDP Petit & Co SRL.

The Group spent an amount of € 1,144,052.79 during the year 2021 for non-mandate fees for Deloitte Auditors SRL, the Group's auditors. This amount is detailed as follows

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

(in €)	Auditor	Network of auditor
Other mandatory audit missions	171,370.88	875,000
Tax advice		
Other missions	55,436.10	42,245.81
Total	226,806.98	917,245.81

The Group also spent an amount of € 1,618 during the year 2021 for non-mandate fees paid to CDP Petit & Co SRL. This amount is detailed as follows:

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

(in €)	Auditor
Other mandatory audit missions	1,618
Tax advice	
Other missions	
Total	1,618

Members of the Board of Directors



Guillaume Boutin

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

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

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

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

Stefaan De Clerck

Mr. Stefaan De Clerck is Chairman of the Proximus Board of Directors since 20 September 2013.

He chairs the Proximus Joint Committee, the Proximus Pension Fund and the Proximus Art ASBL/VZW. He is board member of the Proximus Foundation and of Connectimmo.

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

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

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

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





Karel De Gucht

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

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

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

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

Pierre Demuelenaere

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

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

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

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

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

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

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





Martin De Prycker

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

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

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

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

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

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

Martine Durez

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

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

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

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





Ibrahim Ouassari

Mr. Ibrahim Ouassari is the founder and CEO of MolenGeek. After an atypical and self-taught career in technology, Ibrahim has established himself as an accomplished consultant in the sector since 1999. He then left the consulting industry to launch his entrepreneurial career with several companies and worked with clients from some of the largest and most renowned companies.

It was his experience that led him to launch MolenGeek in May 2015, an inclusive international technological ecosystem that makes the "TechWorld" accessible. It is at that moment that Ibrahim took up one of his greatest challenges: to merge two worlds that do not meet. On the one hand, unsuspected talents from working-class neighborhoods and on the other hand, the world of technology.

MolenGeek is an international solution that brings new perspectives to thousands of young people. Ibrahim combined his entrepreneurial tech experience and his knowledge of the field to reveal talents by introducing them to new technologies. He is supported by the greatest names in the tech industry, cited in Davos by Sundar Pichai, CEO of Google, after his visit to MolenGeek, and was also selected by the latter in WIRED UK as "innovator who is building a better future for 2021". Google, Facebook, Salesforce, Amazon, VMware or even Proximus are investing in MolenGeek.

In 2018 Ibrahim was part as an expert of Horizon 2020 NMBP Advisory Group for DG Research & Innovation of the European Commission, whose mission is to help us notably to ensure impact of the R&I investments 2021-2027 in the fields of industrial technologies and improve societal involvement.

Catherine Rutten

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

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





Isabelle Santens

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

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

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

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

Joachim Sonne

Mr. Joachim Sonne has over 20 years' experience in Investment Banking. He is currently a Senior Advisor to AustralianSuper and board advisor to a number of technology companies. Until September 2019, Mr. Sonne served as Managing Director and Co-Head of the EMEA Telecom, Media and Technology Advisory Group at J.P. Morgan in London. He joined J.P. Morgan in 1998, worked from 2006 until 2010 in the Communications Group in New York and between 2010 to 2011 for the German mergers and acquisitions practice of J.P. Morgan in Frankfurt.

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



Agnès Touraine

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

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

She graduated from Sciences-Po Paris and Columbia University (MBA). She sits on the Boards of Rexel SA, Tarkett SA, GBL, SNCF (since January 2020) and previously Darty Plc as well as Neopost SA.

She is also sitting on non-profit organizations board such as The French-American Foundation and IDATE.

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



Catherine Vandendorre

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

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

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

Luc Van den hove

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

Under his guidance imec has grown to an organization with a staff of around 5,000 people, operating with an annual budget of around € 700M (2021) and with offices in Belgium, the Netherlands, US, Japan, Taiwan, China and India.

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

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



Paul Van de Perre

Mr. Paul Van de Perre is co-founder of GIMV (a venture capital firm listed on Euronext) and was formerly a director of Sidmar (Arcelor-Mittal), Thomassen Drijver Verblifa Belgium, Sunparks (a division of Pierre & Vacances), Accentis and other companies.

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

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

Members of the Executive Committee



Guillaume Boutin

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

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

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

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

Jim Castele

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

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

He is Board member of Proximus Luxembourg, and Chairman of the Boards of Proximus Media House, Scarlet Belgium and Mobile Vikings.

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





Anne-Sophie Lotgering

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

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

She is Board member of Proximus Luxembourg, Belgian Mobile ID and Chairwoman of Proximus ICT.

Mrs. Lotgering is a graduate of the Sorbonne in Paris.

Dirk Lybaert

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

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

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

Mr. Lybaert is a member of the Board of Directors of BICS, TeleSign, Proximus Foundation, Proximus Art, Proximus Opal and MWingz. He also has external mandates at Aquafin, Bednet and Voka.

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





Antonietta Mastroianni

Mrs. Antonietta Mastroianni is Chief Digital & IT Officer since April 2021.

Mrs. Antonietta Mastroianni has been a member of Proximus Executive Committee since April 2021. Before joining Proximus, she was Group CIO and CDIO at the Danish TDC, Head of IT and Business Partner at Swiss Sunrise, and she had several roles in Swisscom and H3G Italy.

She is an influential IT leader with 20 years of international Telecom experience in leveraging technology to drive organizational growth, performance and profitability. She focuses on digital and agile transformation, the impact of leading-edge technology on business, technology and product innovation as well as IT and Telco transformation. She has worked in different European countries (Italy, Switzerland, Denmark and Belgium) and is Council Member of Etis, for which she previously acted as Member of the Management Board. Currently she also holds the VC seat in the Board of Directors of Gaia-X.

Mrs. Mastroianni studied Computer and Automation Engineering at university of Siena and she is a member of the Order of Engineers of the province of Caserta.

Mark Reid

Mr. Mark Reid is Proximus' Chief Financial Officer since May 2021.

Before joining Proximus, Mr. Reid served as the Chief Financial Officer of the Central European Region of Liberty Global, based in Zurich for 5 years. Prior to that role he was Deputy CFO at Virgin Media in London also part of the Liberty Global family. He has held Senior Financial roles in International Telecom, Digital Media & Travel companies for over 20 years and has worked in Switzerland, UK & the US.

He is Board member of BICS, TeleSign and the Proximus Pension Fund.

Mr. Reid holds an Honors Degree in Aeronautical Engineering from Glasgow University. He's a Chartered Accountant with the certification from the Chartered Institute of Management Accountants (CIMA).



Geert Standaert

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

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

Mr. Standaert is a member of the Board of Directors of Synductis, Fiberklaar, Unifiber and OLV hospital Aalst.

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



Renaud Tilmans

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

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

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

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

Jan Van Acoleyen

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

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

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



Compliance

Role of compliance at Proximus

Acting with integrity, compliance and honesty is an essential prerequisite for the success of the Proximus Group. We are striving to strengthen the trust of our customers, our business partners, and other stakeholders in our Group by treating each other fairly. Compliant behavior is the basis for this and must be a matter of course for all Group employees. One of our Company's main tasks is to further enhance awareness of this.

The Proximus Group Compliance Office is responsible for coordinating compliance activities within the Proximus Group, and aims to promote, at all levels, ethical conduct, respect of values and compliance with laws and internal and external rules and

policies, prevent unlawful or unethical behavior and ensures an appropriate response in case such behavior occurs.

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

The Code of Conduct is available on the Compliance section [↗](#) of our corporate website.

Organization of compliance activities

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

The ACC Charter determines the ACC's responsibility in helping

and advising the Board of Directors with respect to monitoring Proximus' compliance with the legal and regulatory requirements, as well as internal compliance with the Code of Conduct and the Group policies and procedures.

The Compliance Program

At Proximus, we are committed to meeting the highest standards of integrity and ensuring ethical business conduct. As part of our commitment in this scope, we have implemented a comprehensive Compliance Program that has to be known by all Proximus employees and available via our website [↗](#). Compliance and business ethics are our license to operate.

As a core element of the Compliance Program [↗](#), Proximus has developed a set of Policies and Codes that formally compile the behavioral guidelines to be followed by Proximus staff as well as the existing restrictions on important subjects such as Anti-Corruption, Trade Sanctions and Antitrust. In addition, a Suppliers Code of Conduct [↗](#) has been created to ensure our suppliers adhere to the same ethical standards.

At Proximus, the right measures are put in place to avoid ethical dilemmas. This means having a clear governance model, as described in this corporate governance section and in accordance with the Law of 21 March 1991 on the reform of certain autonomous economic public companies ("the 1991 Law"). In a joint effort, Group Legal and Compliance have created a Corporate Handbook for Proximus affiliates, detailing governance, and compliance principles.

Our anti-corruption procedures [↗](#) are more than a legal obligation and an ethical duty: as a responsible company we take a firm stand against corruption and apply a practice of zero-tolerance. Specific anti-bribery training has been created dedicated for a targeted employee's population.

Fair and open competition between companies and doing business on a level playing field is important to society and contributes to increased welfare for all. Therefore, we support fair and open competition in all our markets, with a competitiveness approach that is based on good products and services at the right price.

Reliable reporting channels for internal and external stakeholders and the protection of internal whistle-blowers from sanctions help ensure possible misconduct is reported, thoroughly investigated, and clarified. At Proximus, we provide different reporting channels to internal and external whistle-blowers to inform us about possible compliance violations. In 2021, we revised, improved, and communicated our whistleblowing procedure . 5 whistleblowing cases (4 linked to conflict of interests and 1 to the non-respect of organizational guidelines) were handled in 2021. All have been thoroughly analyzed by Compliance and Investigations and have had appropriate measures taken for such as the reminding of rules stemming from policies and procedures.

To improve the setup regarding insider dealing, Proximus has implemented a tool (InsiderLog) enabling the automated management of insider lists.

Proximus requires its suppliers and business partners to adhere to a code of conduct. This code is modelled after the 10 principles of the United Nations Global Compact. It covers legal compliance in general and our anti- bribery/ corruption policies, including provisions against anticompetitive practices and conflicts of interest. 

KPIs	Result 2020	Result 2021
Number of cases investigated by the Investigations Department for violation of policies/ code of conduct	24	48
Number of whistleblowing cases	2	5 (4 Internal, 1 External)

In a nutshell

The following efforts have been done in 2021 to improve the visibility of the Group Compliance strategy:

- Code of Conduct e-learning for new joiners
- Anti-bribery e-learning for targeted staff
- New whistleblowing procedure (in line with Directive (EU) 2019/1937)
- Continuous communication campaigns towards our staff through the intranet, on our Code of Conduct, anti-bribery and conflict of interest, ...
- New repository of group policies and procedures, driven by a new Group Policies Charter.
- Updated Dealing Code, including the implementation of Insider Log (Insider Dealing – automated management of insider lists tool)
- Creation of Executive Committee approved Corporate Handbook (governance and compliance for Proximus affiliates)
- Creation and communication to suppliers of a new suppliers' Code of Conduct

Applying high ethical standards

Proximus business conduct

Code of Conduct

Because we take business personally, we do not just comply with the law, but we want to ensure every one of our employees is aware of the behaviors to follow and to avoid. The Proximus Code of Conduct  reflects the fundamental principles and rules which form the basis of our commitment to being a responsible company. We believe that strong results have to be accompanied by integrity if we want to contribute to the economic, social and environmental development of our society.

The Code of Conduct is applicable to all employees of the Group. Proximus employees follow mandatory training on the application of the principles of the Code of Conduct.

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

Human Rights

People are entitled to be treated with respect, care and dignity. Proximus business practices can only be sustainable if we respect basic human rights and value diversity, cultural and other differences. Our Code of Conduct, values and behavior are

inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the European Convention on Human Rights, and the United Nations Convention on the Rights of the Child.

Private customer data

We apply strict rules and policies within our company, complying with the GDPR and e-privacy directives:

- Proximus has continued to grow the Privacy Ambassador network across different business units to ensure the highest level of awareness and accountability for privacy compliance. These Ambassadors receive regular privacy training.
- We have improved our Privacy Review Process to address all privacy matters at the highest level of management through dedicated Privacy Governance. The process has been carefully

embedded into our corporate policy, making data privacy an absolute priority.

- Additional resources have been made available to support the Legal Privacy team and the Data Protection Officer. This has allowed the acceleration of privacy reviews. The Legal Privacy Team and Data Protection Officer share valuable tools and content about privacy regulations, increasing awareness across the company.

Supplier Code of Conduct

Next to ensuring compliance inside of the company, Proximus also pays attention to sustainability and ethics throughout its supply chain. We, therefore, have developed a state of the art Supplier Code of Conduct  which is in line with national and international legislation and follows the standard set by the Responsible Business Alliance (RBA).

Managing the sustainability risks of our vendors is integrated in our daily sourcing process. We monitor our key suppliers on their ESG standard by obliging them to undergo a valid evaluation by third-party assessment organizations. We accomplish this by inviting them to an EcoVadis assessment and by audits in frame of our role in the Joint Audit Cooperation (JAC).

JAC postponed audits due to COVID-19

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

As a member of JAC we join 17 other telecom operators, together representing more than 60% of worldwide telecom turnover. We make sure audits are performed by third parties on the suppliers' and supplier tiers' premises. In 2020-21, many audits had to be postponed due to the COVID-19 pandemic. They will be pursued as soon as the situation allows it.

ESG standards throughout the supply chain

We integrate ESG standards into our supplier selection process. By demanding suppliers to fulfil our Supplier Code of Conduct, not only do we improve our brand image, but we also contribute

to the communities in which we and our suppliers operate in. The ESG standards are included in all contracts.

Human Rights in our supply chain

Respecting internationally recognized Human Rights as established in the Universal Declaration on Human Rights and the International Labour Organization's Core Conventions is key for Proximus and certainly also across its supply chain. In line with the UN Guiding Principles on Business and Human Rights, Proximus recognizes the corporate responsibility to respect these

principles and commit to "know and show" this through on-going human rights due diligence with our business- and major supply chain partners in the JAC, perusing jointly all kind of breaches of the above mentioned. This way we are able to mitigate potential human rights impacts beyond our direct control and influence the behavior of suppliers and their tiers.



Diversity & inclusion Statement

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

Strategic orientation about diversity & inclusion

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

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

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

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 and treating all employees fairly and equally
- Demonstrating behavior free from any form of racism, intolerance, discrimination, harassment or other attitude that could negatively affect the dignity of men and women at the workplace
- Incorporating diversity in all aspects of the way we do business, without any form of intolerance.

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

Diversity & inclusion in our leadership and employees communities

Proximus is particularly conscious of the importance of diversity at all levels of the organization. To reinforce our commitment to recruiting employees with an inclusion and growth mindset and whose behavior is in line with the company's 4 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 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 any other form of discrimination.

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:

- Contract signed with Open@Work to extend our strategy to the LGTB community
- Actions in the framework of the international day against homophobia, transphobia and biphobia on 17 May
- In-depth analysis on possible impact of gender on various performance elements
- Analysis of the remuneration structure by level ➡
- Charter signed for the "Inclusive Panels" initiative, committing ourselves to ensure more gender, ethnic and age diversity among experts speaking at events and conferences
- Participation in the implementation of the federal gender mainstreaming plan
- Implementing resilience training and initiatives to help employees cope with change and find balance in our new way of working

Proximus has set itself the objective of being the most active company in the promotion of women in the digital world and reached his target of recruiting 25% of women with a university degree in technical areas by the end of 2021. Moreover, we have appointed a woman to head the Digital Transformation & IT business unit, also a new member of the Executive Committee.

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 will also take additional initiatives to communicate its diversity and inclusion vision, strategy and actions via educational videos, information to the business units staff plus live information sessions that will be proposed to all employees.

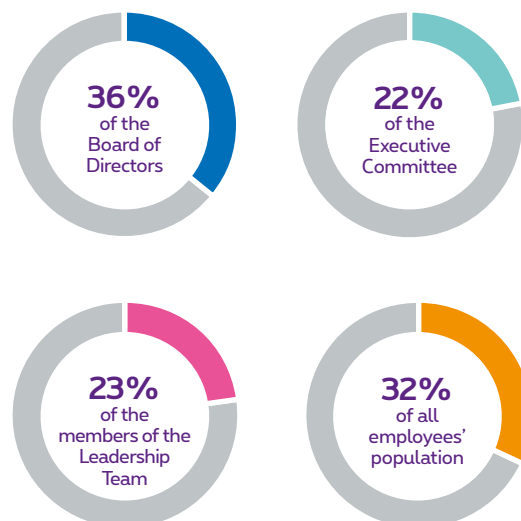
We will also keep on communicating via our brand-new page on diversity & inclusion launched in 2021 on our intranet, that gathers all information, events, celebrations and much more about diversity and inclusion at Proximus and in a broader perspective.

Proximus also supports internal and external diversity network activities and initiatives, such as the AfroPean network (APN).

We have a Diamond Sponsorship in the "Women on Board" organization and we continued to strengthen our partnership with Google, extending our #IamRemarkable community through the organization of new sessions and our participation to the worldwide week-long edition of September 2021. 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 keep on creating supportive networking groups so that everyone can reinforce their feeling of belonging to our community.

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



Proximus Group also has a very diverse workforce in terms of culture with 57 nationalities.

Our different cultural values foster inclusion and promote collaboration.

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

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

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

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

As part of its approach to sustainable employability, Proximus commits to analyzing the possible implementation of ideas from the working groups organized on this topic in 2018 in co-creation with the representative trade unions. Proximus is also extending until the end of 2022 the pilot project launched in 2021 for our shops sales people who are in the 55+ age group, to revamp their working regime and reduce their work schedules.

Human rights

Our high ethical business practices are defined in the Policy on diversity and equal rights that has been reviewed in 2021. With this policy, we want to enable conditions in which differences

are recognized and respected, and where all employees are given equal opportunities. This policy is applicable to all active employees of the Proximus Group.

Working conditions

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

Proximus recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations. We will not contract child labor or any form

of forced or compulsory labor as defined by the ILO's fundamental conventions. Moreover, we are opposed to discriminatory practices and do our utmost to promote equality, diversity and inclusion in all employment practices.

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



Remuneration report

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

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

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

Remuneration of the members of the Board of Directors

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

The principle of continuity with the past has been maintained. The remuneration adopted by the General Assembly of 2004 has remained applicable in 2021 and no substantial change of the policy is expected for the coming years.

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

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

The non-executive Directors are remunerated as follows:

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

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

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

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

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

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

Remuneration granted to the members of the Board of Directors in 2021

The total amount of the remunerations granted in 2021 to all the members of the Board of Directors, Chairman included, is amounting to gross € 1,192,366.

The overview of the individual gross amounts paid out to the Directors in 2021, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

During the year 2021 were held:

- 9 meetings of the Board of Directors
- 5 meetings of the Audit & Compliance Committee
- 6 meetings of the Nomination & Remuneration Committee
- 2 meetings of the Transformation & Innovation Committee

Remuneration granted to the members of the Board of Directors in 2021

Directors	Annual fix compensation	Attendance fees	Allowance*	Total 2021
Stefaan De Clerck	€ 50,000	€ 142,500	€ 6,616	€ 199,116
Guillaume Boutin	-	-	-	-
Karel De Gucht	€ 25,000	€ 50,000	€ 2,000	€ 77,000
Pierre Demuelenaere	€ 25,000	€ 72,500	€ 2,000	€ 99,500
Martin De Prycker	€ 25,000	€ 65,000	€ 2,000	€ 92,000
Martine Durez	€ 25,000	€ 60,000	€ 2,000	€ 87,000
Ibrahim Ouassari	€ 17,361	€ 35,000	€ 1,389	€ 53,750
Catherine Rutten	€ 25,000	€ 57,500	€ 2,000	€ 84,500
Isabelle Santens	€ 25,000	€ 45,000	€ 2,000	€ 72,000
Joachim Sonne	€ 25,000	€ 57,500	€ 2,000	€ 84,500
Agnès Touraine	€ 25,000	€ 50,000	€ 2,000	€ 77,000
Catherine Vandendorre	€ 25,000	€ 70,000	€ 2,000	€ 97,000
Luc Van den hove	€ 25,000	€ 65,000	€ 2,000	€ 92,000
Paul Van de Perre	€ 25,000	€ 50,000	€ 2,000	€ 77,000
Total	€ 342,361	€ 820,000	€ 30,005	€ 1,192,366

* 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 € 2,616 in 2021.

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.

	Total 2017	Total 2018	Total 2019	Total 2020	Total 2021
	€ 1,080,244	€ 1,000,499	€ 1,243,509	€ 1,231,116	€ 1,192,366
Year-over-year variance		-7.4%	+24.3%	-1.0%	-3.1%

Global Rewards Program – general vision

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

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

Our company has innovative, 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 and accountability 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.

Remuneration of the members of the Executive Committee

Decision-making process

The remuneration program of the Executive Committee and the individual remuneration packages are set by the Board of Directors upon recommendations from the Nomination & Remuneration

Committee. The individual remuneration packages are defined according to the individual responsibilities, sustained performance and critical skills.

Competitiveness of the remuneration of the Executive Committee

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

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

Like the rest of the top management of our company, the members of the Executive Committee benefit from dedicated reward programs which focus on the principles of our strategy to consistently reward high performance of individuals and of the company. A significant part of their total remuneration is variable, based on stringent quantitative and qualitative performance criteria, and is driven by our company's objectives in terms of performance and growth. This way, our company wants to

encourage them to deliver a long-term, sustainable profitable growth, in line with our Group's strategy and the expectations of our shareholders.

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

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

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

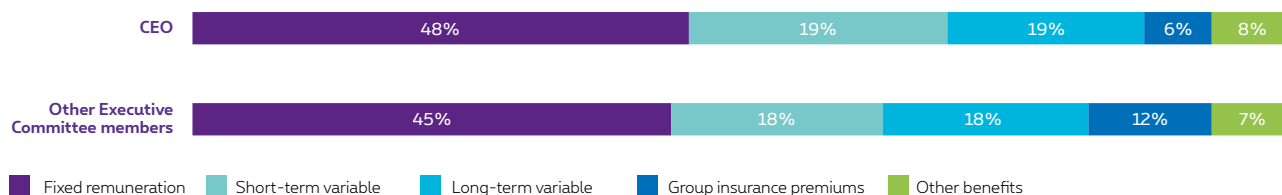
Remuneration structure of the Executive Committee

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

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

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

Relative importance of the various components of the on-target remuneration before employer's social contribution (end 2021)



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

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

Fixed remuneration

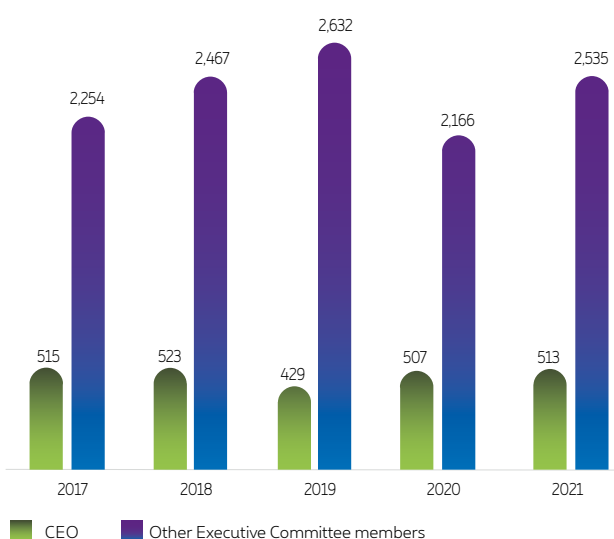
The fixed remuneration consists of a fixed salary earned by the CEO and by the other members of the Executive Committee for the reported year in such respective roles. This remuneration is defined by the nature and the specificities of the function and by the level of individual skills and experience, considering market practices. This remuneration is allocated regardless of the results and is contractually subject to the consumer price 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 Executive Committee members others than the CEO is regularly assessed by the Nomination & Remuneration Committee, based on an extensive review of sustained performance and assessment of potential of each member provided by the CEO, as well as on external benchmarking data on market practices. Thereby, the evolution of the fixed remuneration depends on the competency level of the Executive Committee member, of his or her sustained performance level, of the evolution of his or her responsibilities, as well as of the evolution of the market. Possible adjustments are always submitted to the Board of Directors for approval.

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

As for the CEO, the amounts reported for 2017 to 2018 were paid to the former CEO, Mrs. Leroy, as for most of 2019 (385 K€) while one month in 2019 (44 K€) and the amounts reported since 2020 were paid to the current CEO, Mr. Boutin.

Specific changes in the composition of the Executive Committee have impacted the total fixed remuneration paid in 2020 and in 2021 to the other Executive Committee members others than the CEO. The role of Chief Consumer Market Officer has been vacant for 2 months in 2020 and the role of Chief Financial Officer has been vacant from June 2020 till March 2021 included. Besides, an additional role has been created at Executive Committee level in 2021 in order to support our digital transformation and ambitions, and a new member has therefore joined the Executive Committee in April 2021.



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

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

Short-term variable remuneration

Purpose and components of the short-term variable remuneration

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

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

Our company indeed considers close collaboration of all employees to be imperative. All efforts need to be focused and aligned towards the Group's 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 Executive Committee, on top of the individual performance (for 40%), and this in line with our company values.

Group performance – Key performance Indicators (KPIs)

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

The amounts of short-term variable remuneration mentioned in current report are the ones paid out to the Executive Committee members in the course of 2021 and are thus related to the results of the Group KPIs of the 2020 performance year.

The Nomination and Remuneration Committee recommended the following set of KPIs to the Board of Directors for the 2020 performance year:

Strategic Goal 2020	STI KPI 2020	KPI nature
Sustainable Growth	Business Cash Flow	Financial
	Net Acquisition Value	Mixed
	Gross OPEX Savings	Financial
Digital Company	Customer Experience	Non-Financial
	Digital	Non-Financial
Gigabit Network	Fiber Value Creation	Mixed
Employees	Employee Experience	Non-Financial

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 KPIs associated to it. These KPIs are either of a financial, a non-financial or a mixed nature.

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

The high ESG (Environmental, Social and Governance) ambitions of our Group are more and more reflected in our STI KPIs.

The chosen KPIs show our company's societal commitment to contribute to a more digital future for our country, accessible to all. Apart from the higher speeds and energy efficiencies brought by our new Fiber network, some additional specific STI KPIs have been added to the framework of 2021, to measure our efforts to evolve towards a more green, circular and safe society. In 2021, these KPIs included the number of returned fixed and mobile devices for refurbishment or recycling, the volume of recycled copper cables after building out-phasing/cleaning, roadworks and cable repair and our resilience to cyber security attacks. The framework of 2022 replaces the KPI of copper recycling with the companywide CO₂ emissions reduction. Over the years, more comprehensive sustainability and digitalisation KPIs will be considered for the Group KPIs framework, in line with the increased importance of climate change and digital inclusion on the societal agenda.

A detailed definition for each of the STI KPIs can be found in the following table.

Strategic goal 2020	STI KPI 2020	Weight	KPI Definition
Sustainable Growth	Business Cash Flow	30%	Amount of Cash generated by the business operations.
	Net Acquisition Value	10%	Annualized value generated/destroyed by gains and losses of customers in the mass- and professional markets.
	Gross OPEX Savings	10%	Savings in Operational Expenditure, realized through internal initiatives aiming at reducing our cost base via increased productivity or efficiency, or via decreased consumption.
Digital Company	Customer Experience	20%	This KPI consists of 4 sub-KPIs, each computed as a weighted average of underlying indicators per customer segment. They only relate to the Proximus brand, excluding Scarlet. 1 Net Promoter Score 2 Customer Effort Score "New customer" 3 Customer Effort Score "Administrative Assistance" 4 Customer Effort Score "Technical Assistance"
	Digital	10%	This KPI consists of 2 sub-KPIs: 1 E-share of Sales: digital penetration of our sales volumes. 2 Contact Centre Deflation: increase of digital first interactions resulting in deflation of contact center interaction volumes.
Gigabit Network	Fiber Value Creation	10%	Deployment and value creation in our new Fiber network.
Employees	Employee Experience	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 are 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 Gross 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 KPIs are regularly followed-up at the Executive Committee and are discussed at the Nomination and Remuneration Committee and at the Board of Directors.

Individual performance

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

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

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

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

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

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

Short-term variable remuneration allocation

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

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

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

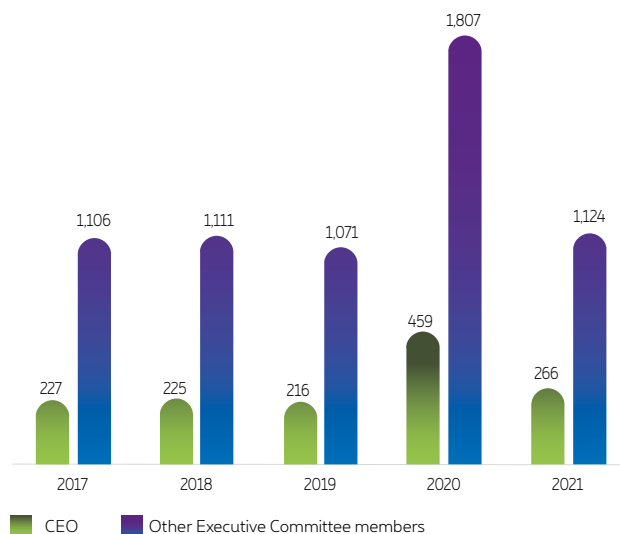
One of the principles of our company's remuneration policy is the degree of freedom for the top management, the CEO and the other members of the Executive Committee included, with regard to the choice of pay out means of their variable remuneration.

They therefore get the opportunity to invest part of their short-term variable remuneration in a bonus pension plan, i.e. an additional supplementary pension plan, and to receive part of their short-term variable remuneration in cash bonuses, in non-recurring benefit or in (non-Proximus) warrants or fund options, always within the limits of the relevant regulations.

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

In 2021, a short-term variable remuneration has been allocated to the CEO for a total amount of gross € 265,614. 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 (€ 18,833 gross) but also included the amount (€ 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 2021 to the other members of the Executive Committee (2020 performance year) amounts to gross € 1,123,605. The year-to-year variations are mainly resulting from (i) the variations in the Group KPI results, from (ii) the changes in the composition of the Executive Committee and from (iii) the exceptional bonus paid in 2020 to our former Chief Financial Officer, Mrs. Dufour, rewarding her excellent performance in the course of 2019 in her ad interim CEO role. The reported amount for 2020 also included the amount paid to the current CEO, Mr. Boutin, for his performances in 2019 as member of the Executive Committee (before his nomination as CEO).



Long-term variable remuneration

Purpose and components of the long-term variable remuneration

Our company wants to encourage its Executive Committee, as well as the other members of its top management, to generate

sustainable and profitable performance and growth over the long term, in line with our strategy at Group level, our societal ambitions and the expectations of our shareholders and all our other stakeholders.

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

Long-term variable remuneration allocation

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

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

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.

Executive Committee 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 Executive Committee.

Long-term Incentive Key Performance Indicators

Just like the STI KPIs, the Key Performance Indicators used in the frame of the Long-term Performance Value Plan - the so called LTI KPIs - 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.

In that respect, 3 KPIs 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 KPIs: The Total Shareholder Return of Proximus and the Group Free Cash Flow
- 1 non-financial KPI: The Reputation index of Proximus

The KPIs 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. A detailed definition for each of the KPIs, as well as their weight factors, can be found in the following table.

LTI KPI	Weight	KPI Definition and Measurement
Total Shareholder Return	40%	This criteria 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.
Group Free Cash Flow	40%	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 5-year plan. This KPI is assessed annually against the objectives set and the annual result is expressed as a percentage between 0 and 175.
Reputation index	20%	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. While corporate reputation is impacted by a wide range of attributes, the corporate reputation KPI is based on Proximus' performance on three reputation attributes (Fair in the way we do business, Positive influence on society and Meets customer needs), selected based on their statistic impact on reputation and their strategic relevance. A third-party company, the Reputation Institute, measures the annual results which are expressed as a percentage between 0 and 175.

For the Reputation Index and the Group Free Cash Flow, targets and thresholds are defined in such a way that they stimulate the teams to go the extra 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 3 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.

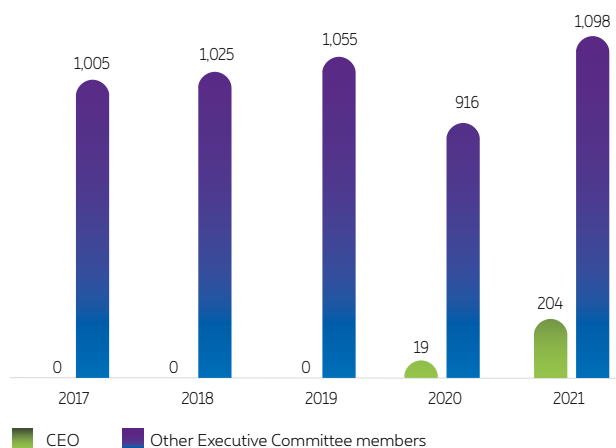
The payment of the Performance Values is made through a cash bonus.

Long-term variable remuneration granted in K€ 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. The amount allocated in 2021 refers to a full-year performance on 2020. The former CEO, Mrs. Leroy, was not eligible to long-term variable remuneration.

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross € 916,375 in 2020 and to € 1,097,703 in 2021. The year-to-year variations are mainly resulting from the changes in the composition of the Executive Committee.

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



Group insurance premiums

Complementary pension

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

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

The other members of the Executive Committee participate in a complementary pension scheme entirely financed by Proximus which consists of a "Defined Benefit Plan" offering pension rights

which are in line with market practices. This scheme therefore corresponds to a promise made by the company of a certain amount at retirement age based on the plan rules, an amount that does not depend on an investment return.

Formula for complementary pension of the other members of the Executive Committee = 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 = half of the legal pension ceiling

Other group insurances

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

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

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

Average premiums for the company

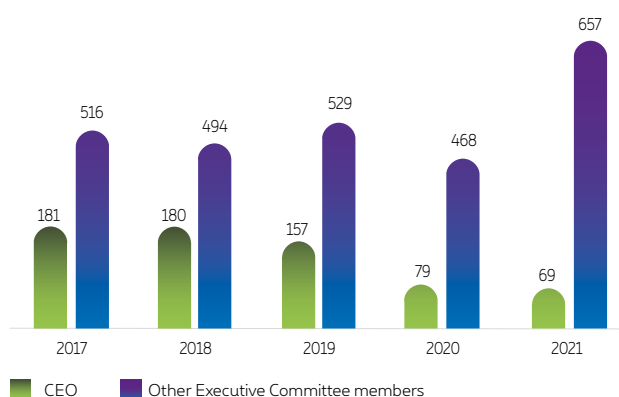
The average premiums paid by our company for the group insurances of the CEO is estimated to 13% of his fixed remuneration.

As for the other members of the Executive Committee, the average premiums paid by our company for their group insurances over the last 5 years amounted to about 22% of their fixed remuneration. In 2021 these premiums amounted to about 26% of their fixed remuneration but it includes a few regularizations.

Group insurance premiums in K€ 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 Executive Committee are mainly resulting from the changes in the composition of the Executive Committee and to a few regularizations in 2021.



Other benefits

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

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 Executive Committee included.

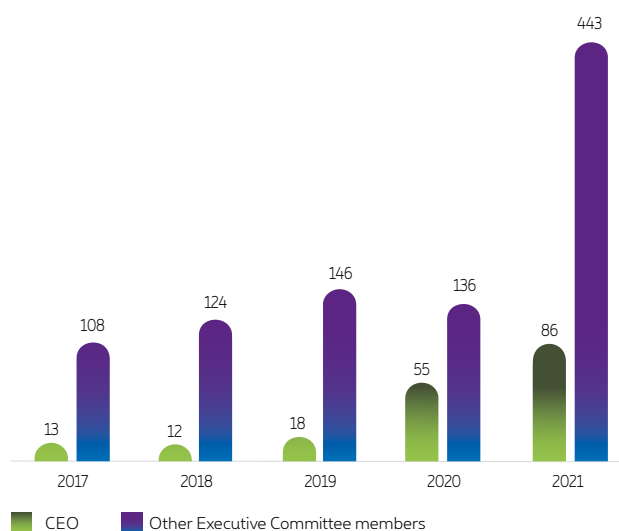
Non-recurring costs – like relocation costs upon recruitment of new members residing abroad, for instance – are impacting the evolution from year to year of the total cost for our company for these benefits and advantages. The ratio versus the fix remuneration can therefore significantly evolve from a year to another.

Other benefits in K€ before employer taxes over 5 years

For 2021, this ratio is estimated to 17% for both the CEO and the other members of the Executive Committee.

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 increases in 2020 and 2021 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 Executive Committee 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.



One-off and exceptional bonuses

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

This may be necessary, for example, in the case of additional responsibilities exceptionally assumed by a member of the

Executive Committee when an Executive Committee position is vacant, or in the event that a sign-on or a special retention bonus would be necessary due to market circumstances. If granted, such bonuses are reported together with the short-term variable remuneration. These possible exceptional bonuses are included in the total short-term variable remuneration amount allocated to the other Executive Committee members.

Recovery of undue variable remuneration

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

As for the other members of the Executive Committee, the employment contracts of those members appointed as from January 1, 2020 include a specific claw back stipulation regarding the recovery in 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.

Main provisions of the contractual relationships

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

Contractual arrangement with the CEO

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

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

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

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

Main contractual terms of the other Executive Committee members

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

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

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

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

General overview

Below charts reflect the remuneration allocated to the members of the Executive Committee over the last 5 years by our company

or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

Remuneration overview of the CEO

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). In 2021, he was entitled to 12 months short- and long-term variable remuneration (respectively € 265,614 gross STI in line with Group KPIs achieved and € 203,996 gross LTI)

CEO	2017	2018	2019	2020	2021
Fixed remuneration	€ 515,108 55%	€ 522,810 56%	€ 429,498 52%	€ 507,492 45%	€ 512,537 45%
Short-term variable remuneration	€ 227,195 24%	€ 225,295 24%	€ 215,661 26%	€ 458,833 41%	€ 265,614 23%
Long-term variable remuneration	€ 0 0%	€ 0 0%	€ 0 0%	€ 18,833 2%	€ 203,996 18%
Group insurance premiums	€ 181,243 19%	€ 180,003 19%	€ 157,433 19%	€ 78,550 7%	€ 69,007 6%
Other benefits	€ 13,357 1%	€ 12,438 1%	€ 17,619 2%	€ 55,083 5%	€ 86,402 8%
Subtotal (excl. employer's social contribution)	€ 936,903	€ 940,546	€ 820,211	€ 1,118,791	€ 1,137,556
Termination benefits	€ 0 0%	€ 0 0%	€ 0 0%	€ 0 0%	€ 0 0%
Total (excl. employer's social contribution)	€ 936,903	€ 940,546	€ 820,211	€ 1,118,791	€ 1,137,556

* 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 short- and long-term variable remuneration targets both 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.

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

Remuneration overview of the other members of the Executive Committee

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

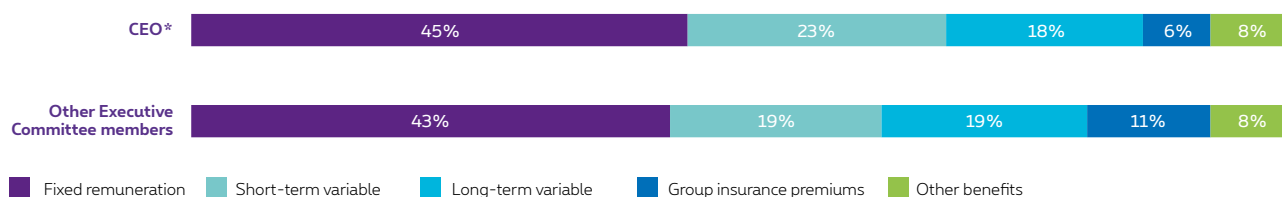
Other members of the Executive Committee	2017	2018	2019	2020	2021
Fixed remuneration	€ 2,253,540 45%	€ 2,466,946 47%	€ 2,632,038 48%	€ 2,166,045 39%	€ 2,534,773 43%
Short-term variable remuneration	€ 1,105,537 22%	€ 1,110,745 21%	€ 1,070,733 20%	€ 1,807,390 33%	€ 1,123,605 19%
Long-term variable remuneration	€ 1,005,000 20%	€ 1,025,000 20%	€ 1,055,000 19%	€ 916,375 17%	€ 1,097,703 19%
Group insurance premiums	€ 516,193 10%	€ 494,319 9%	€ 529,369 10%	€ 468,275 9%	€ 657,319 11%
Other benefits	€ 108,433 2%	€ 124,172 2%	€ 145,588 3%	€ 135,648 2%	€ 442,935 8%
Subtotal (excl. employer's social contribution)	€ 4,988,703	€ 5,221,182	€ 5,432,728	€ 5,493,733	€ 5,856,335
Termination benefits	€ 0 0%	€ 0 0%	€ 0 0%	€ 0 0%	€ 0 0%
Total (excl. employer's social contribution)	€ 4,988,703	€ 5,221,182	€ 5,432,728	€ 5,493,733	€ 5,856,335

* Other members of the Executive Committee: The increase in 2021 of the Other benefits is mainly due to specific advantages related to the foreign executive status of several members and the recruitment of two of them.

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

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

Relative importance of the various components of the remuneration effectively allocated in 2021 before employer's social contribution



Wages and working conditions: internal comparisons, and company performance

The global working conditions of our senior management, CEO and members of our Executive Committee 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 executive committee 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 Executive Committee as to offer market conform conditions. The differences in benefits between the members of the Executive Committee and the rest of the employees are generally more related to the status of foreign executive of several members of the Executive Committee 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.

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 27.3 in 2021. This ratio is measured by comparing the highest (the CEO one) and lowest total target remuneration package (including base pay, premiums, variable pay, group insurances and benefits), excluding employer's social contributions.

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 in line with market practices².

Below table aims at portraying the evolution of the average remuneration on a full-time equivalent basis of the company's employees (other than members of the Board of Directors and of the Executive Committee) between 2017 and 2021.

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

	2017	2018	2019	2020	2021
Average remuneration*	€ 76,973	€ 77,786	€ 81,802	€ 86,677	€ 87,400
Year-over-year evolution		+1%	+5%	+6%	+1%

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

² According to the 2020 analysis of the BEL20 and BELMID 2020 Annual Reports published by Willis Towers Watson – based on 23 remuneration reports published by 7 April 2021 – the median of the disclosed pay ratio was of 26.6

Company performance

Below table shows the company's performance between 2017 and 2021.

For more info, please see the Proximus Financial Report.

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

(€ million)	Underlying revenue	Underlying EBITDA
2021	5,578 +1.8%	1,772 -3.5%
2020	5,479 -3.6%	1,836 -1.8%
2019	5,686 -2.1%	1,870 +0.3%
2018	5,807 +0.5%	1,865 +2.3%
2017	5,778	1,823

Application of the Remuneration Policy and votes on previous Remuneration Report

Application of the Remuneration Policy and derogations

Proximus undertakes to remunerate the members of the Board of Directors, the CEO and the other members of the Executive Committee only in accordance with its Remuneration Policy, 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.

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 Executive Committee has been submitted to the votes of our shareholders at the General Assembly of April 21, 2021 for the first time.

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, also submitted to the votes of our shareholders at the General Assembly of April 21, 2021, has been approved by 78.9%. This result has prompted us to adopt even more transparency in this report and to go further in the readability and the level of details of the disclosed information, as the opinion and trust of our shareholders matters much for us.

Regulatory framework



Cable & broadband regulation

The Belgian regulators' decisions of 29 June 2018 on the broadband and TV market analysis have outlined the regulation of Proximus' FTTH fiber and DSL network and of the cable networks. In terms of pricing, the regulators have imposed a "fair pricing" for the FTTH monthly rental fees.

Since 1 July 2020, new cable wholesale prices entered into force. BIPT decisions stated the need to preserve investment incentives for fiber.

Concerning the wholesale fiber pricing, BIPT concluded on 9 March 2021 that the rates that Proximus applies for FTTH wholesale monthly rentals are fair, i.e. they do not exceed the costs of an efficient operator including a reasonable margin and in line with the regulation it set in 2018. These are the access prices other operators pay for using Proximus' FTTH fiber optic network.

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

In April 2021, BIPT made the first step for the preparation of the review of the Broadband and TV markets of June 2018. The regulatory framework foresees indeed that the regulators must review regularly the market that are susceptible to ex-ante regulation on a regular basis. Technical and competitive

development as well as evolution of needs and consumptions habits must be taken into account.

In 2021, BIPT has also announced its intention to apply the Proximus fiber access obligations to Proximus joint ventures Fiberklaar and Unifiber. These will be submitted to the access, transparency, non-discrimination and price control obligations imposed to Proximus based on the 2018 decision. The preparation of the reference offer and the determination of the underlying costs in the context of a fair pricing approach is expected to occur in 2022.

The decision of December 2019 on the review of the wholesale provision of high-quality access (leased lines and similar services) market entered into force on 1 February 2020. Alternative operators purchase these high-quality access services to connect sites (companies, base stations, interconnection points, etc.) that they cannot reach with their own infrastructure. Proximus has to apply a fair pricing for the monthly rental fees. Considering that several alternative infrastructures are already present, BIPT foresees a softer regulation in some areas, i.e. no price regulation on active access. In 2021, BIPT started its exercise to review the list of these competitive LEX (currently 121). Based on this analysis, new areas might be added or removed from the list. The review is expected to take place in 2022.



Radio spectrum



Belgium

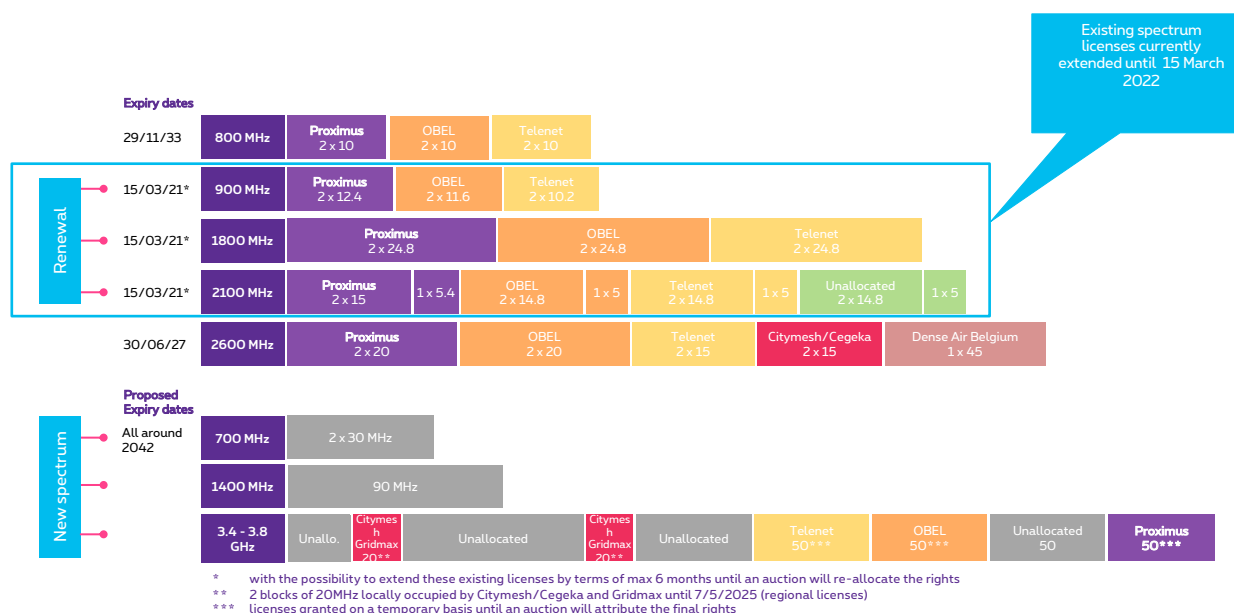
Multi-band auction

On 23 December 2021, the legislative package for the multi-band auction (which will include the renewal of the existing 2G/3G spectrum licenses (900 MHz, 1800 MHz and 2100 MHz) as well as the granting of new 5G spectrum (700 MHz, 1400 MHz and 3500 MHz) was published. The package includes the reservation

of spectrum for new entrants (30 MHz duplex in the 700, 900, 1800 and 2100 MHz bands).

The applications by the candidates were due by 16 February 2022. The auction is expected to be organized mid 2022.

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



BIPT interim measures

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

On 15 June 2020, BIPT granted **temporary licenses in the 3600-3800 MHz band** to five operators: Proximus, Orange, Telenet, Cegeka & Entropia, each operator receiving 40 MHz. After the subsequent drop out of Entropia, BIPT redistributed the spectrum among the other actors on 13 October 2020. Proximus, Orange & Telenet have now each been granted a block of 50 MHz TDD and Cegeka received a block of 40 MHz TDD. These rights will run until new rights are granted following the upcoming multiband auction. Operators had the obligation to put

their spectrum in service before 1 March 2021. Operators have to pay a yearly fee of € 105,000 per block of 10 MHz. No unique fee is due and these rights are not subject to any specific coverage obligation.

Concerning the current **2G (900 MHz and 1800 MHz) and 3G (2100 MHz)** licenses which expired in March 2021, BIPT decided on 31 August 2021 on a 2nd extension of these licenses until 15 March 2022 (a first extension was granted in February for the period 15 March until 15 September). Same conditions apply as in the current licenses. Such extensions may be granted until new rights are auctioned.

Luxembourg

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

In total, the licenses were sold for € 41.3 million of which Proximus Luxembourg is progressively paying its part. Usage rights will be granted for an initial period of 15 years and the licenses will be renewable at least once for a period of five years. A number of coverage obligations apply to license holders.

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

International roaming

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

The current **Roaming Regulation** including RLAH expires on 30 June 2022. The Commission made a proposal to extend the Regulation, and the text was submitted to the co-decision procedure between the Commission, the Parliament and the Council. A final political agreement has been reached. The main highlights of the agreement are the following: RLAH will be extended until 2032.

In addition, the wholesale roaming charges, the prices that operators charge each other when their customers use other networks when roaming in the EU, will be capped at € 2 per Gigabyte (Gb) from 2022 progressively down to € 1 in 2027. Furthermore, wholesale caps for voice and SMS will be lowered

based on a two-step glidepath in 2022 and 2025. If consumers exceed their contract limits when roaming, any additional charges cannot be higher than the wholesale roaming caps.

Concerning the quality of service, roaming providers will be obliged to offer the same roaming quality as those offered domestically, if the same conditions are available on the network in the visiting country. To this aim, a provision prohibits practices that reduce the quality of roaming services (e.g. by switching the connection from 4G to 3G). The roaming provider must publish information for the reasons for applying less advantageous conditions while rather abroad than those provided domestically.

Roaming customers should have access to emergency services and should benefit from caller location transmission, free of charge. Travellers should be informed about the means of reaching emergency services, including those designed for disabled people, in the EU country they are visiting..

Termination rates

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

The Commission adopted on 18 December 2020 a binding decision setting single maximum EU-wide wholesale mobile and fixed termination rates (also referred to as Eurorate). This Act

sets a 3-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR). For Belgium, the following rates will be applicable.

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

This regulation entered into force on 1 July 2021.

MTR	Previous	1/7/2021	1/1/2022	1/1/2023	As from 1/1/2024
€ct/min	0.99	0.7	0.55	0.4	0.2

FTR	Previous	1/7/2021	As from 1/1/2022
€ct/min	0.116	0.093	0.07

Coverage and quality of networks

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

BIPT published the last edition of its mobile maps on 8 January 2021 (status October 2020). These maps enable the customers to verify the coverage of each of the three mobile operators (Telenet/Base, Orange and Proximus) individually on the map of Belgium. The maps show different coverage levels (very good/deep indoor, good/indoor, satisfactory/outdoor). They show that, for 4G, Proximus has the most extensive coverage for all coverage levels, both in terms of territory and population. An update of the mobile Atlas is foreseen in 2022.

Begin 2022, BIPT published a drive test and train test study on quality of mobile user experience offered by the three mobile operators. The study concludes that the performance of mobile networks in Belgium has been stable or has improved, both for voice and data, thanks to advancements in technology as well as investments and optimization by the operators. It highlights that, based on international experience, Belgian mobile operators offer very good quality. For example, in drive tests, Proximus shows

excellent results for call setup times, video streaming start times and Dropbox performance, and in train tests, Proximus achieved the highest score for 19 out of 21 indicators measured.

For fixed, BIPT continues to publish temporarily aggregated coverage maps of Proximus and the cable operators by different download speeds: 1 Mbps, 10 Mbps, 30 Mbps, 50 Mbps and 100 Mbps. An update of the fixed Atlas is foreseen in 2022.

On 7 December 2021, BIPT published its “Fiber Vademecum” in which it aims to inform a broad public (end-users, building-owners, operators & public authorities) about fiber and its roll-out. In a later phase, BIPT will include a fiber coverage map.

On 23 December 2021, BIPT published the first edition of its qualitative study on the quality and coverage of fixed and mobile broadband in Belgium. The study brings together the results of many BIPT surveys published before, e.g. fixed and mobile coverage of BIPT’s Atlas, fixed service quality indicators, mobile experience quality indicators, etc. An update of the study is foreseen for the end of 2022.

Net neutrality

By 3 judgments adopted on 2 September 2021, the ECJ ruled that zero-rating offers of DT and Vodafone Deutschland are not compatible with the Open Internet Regulation, where they impose specific conditions upon the Internet customer.

In its argumentation the Court however seems to make a broader evaluation regarding zero rating, indicating its incompatibility with net neutrality rules when offered for commercial reasons.

BEREC (the body of European regulators) is currently reviewing its net neutrality guidelines and regulatory practice in the EU. As soon as the new guidelines will be made public (June 2022), a short transition period is expected to allow operators to adapt their portfolio to the new guidelines

Universal service – social tariffs

The Belgian Government intends to review the social tariffs for telecom services. On 25 November 2021, BIPT, on request of the Telecom Minister, launched a public consultation in this respect. The proposals built upon the existing system with legally defined reductions. An increased effort would be asked from the sector: the automatic granting of the reductions for people with low

income, the indexation of the reductions and the introduction of a mobile plan at a reduced rate, targeting specifically hearing or visual impaired people who require specific assistance. The consultation ran until 18 January 2022. The final proposals are expected in 2022.

Transposition of EU Code

The law transposing the new EU Code of end 2018 has been finalized and was published on 31 December 2021. Some obligations will have an impact on the business (e.g. the prepaid mobile consumers having the facility to claim the residual credit in case of change of operator or the scope of end-users' protection being extend for several provisions to business clients). Concerning the regulatory-technical matters (e.g. numbering,

spectrum), the text mostly follows closely the European Code. The new rules have been applicable since 10 January 2022. However, certain provisions will require the publication of Royal decrees before entering into force.

The Proximus share



Share listing

Stock Market	First Market of Euronext Brussels
Ticker	PROX
ISIN code	BE0003810273
Bloomberg code	PROX BB
Nasdaq code	PROX-EB
Reuters code	PROX.BR

Proximus share performance in 2021

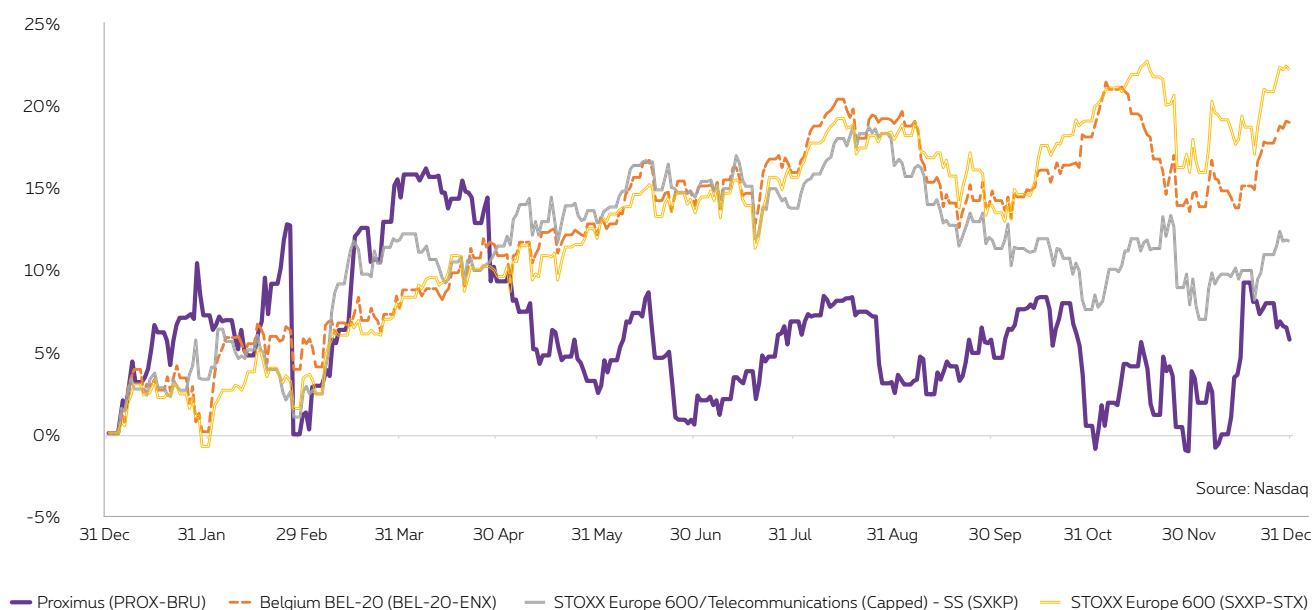
Proximus closed 2021 at € 17.1, or 5.7% higher than the last closing price of 2020.

The Proximus share started the year well, with investors given additional visibility on the company's fiber plans. Fiber partnerships allow for a broader and faster fiber coverage, while preserving the company's capex level. End-February, the projection of additional operational costs for 2021, lead Proximus to guide for a softer than expected 2021 EBITDA. The Proximus share recovered from the steep decrease in the share price, after

which it showed some volatility over the year around ongoing uncertainties on the Belgian telecom market: (i) the conditions for the postponed spectrum auction, especially regarding potential new players; (ii) the sale process of VOO and potential impact on the competitive landscape and (iii) the potential overlapping fiber deployment in Belgium, with Proximus' pole position leading to competitor announcements.

The Proximus share rose in the last month of 2021 by 7% on the news of Proximus intending to take its subsidiary TeleSign public.

Proximus share price evolution 2021 vs. 3 indices (in %- rebased)



Key figures on the Proximus share

Share information	2012	2013	2014	2015	2016	2017	2018 IFRS15	2019 IFRS16	2020	2021
Share price high	24.60	23.25	32.29	35.67	31.74	32.81	28.10	28.17	27.12	19.16
Share price low	20.80	16.32	20.78	27.93	25.31	26.42	19.31	21.96	15.01	15.95
Share price on 31 December	22.21	21.55	30.10	30.00	27.36	27.35	23.62	25.52	16.21	17.14
Annual trading volume (number of shares)	142,139,111	189,753,834	178,802,905	179,825,076	157,368,090	147,754,799	169,849,252	168,509,614	206,692,812	199,060,570
Average trading volume per day (number of shares)	555,231	744,133	701,188	702,442	612,327	579,431	650,763	660,822	804,252	774,555
Number of outstanding shares	318,321,665	319,204,181	321,230,597	322,003,751	322,637,103	322,638,989	322,703,817	322,982,509	322,690,026	322,741,364
Weighted average number of outstanding shares	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,918,006	322,752,015	322,751,990
Market capitalization on 31 December (€ billion) ¹	7.07	6.88	9.67	9.66	8.83	8.82	7.62	8.24	5.23	5.53
Key data per share - on reported basis										
EBITDA	5.62	5.33	5.48	5.12	5.38	5.49	5.56	5.19	5.95	5.66
Earnings ²	2.24	1.98	2.04	1.50	1.62	1.62	1.58	1.16	1.75	1.37
Price/earnings on 31 December ³	9.92	10.9	14.73	20.03	16.86	16.90	15.00	22.09	9.27	12.48
Ordinary dividend (gross) ⁴	1.68	1.68	1.00	1.00	1.00	1.00	1.00	1.00	0.70	0.70
Interim dividend (gross)	0.81	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Gross dividend yield ³	11.20%	10.10%	4.98%	5.00%	5.48%	5.48%	6.35%	5.88%	7.40%	7.00%
Key data per share - on underlying basis										
EBITDA	NA	NA	5.15	5.38	5.57	5.65	5.78	5.79	5.69	5.49
Earnings	NA	NA	1.85	1.68	1.71	1.72	1.71	1.76	1.75	1.38
Price/earnings on 31 December	NA	NA	16.28	17.87	15.96	15.92	13.78	14.51	9.25	12.44

1 Calculation based on number of outstanding shares & last closing price of the respective year

2 Corresponds to the Net Income (Group Share) / weighted average number of outstanding shares

3 Based on the last closing price of the respective year

4 Accounting view (not cash view)

Our shareholders

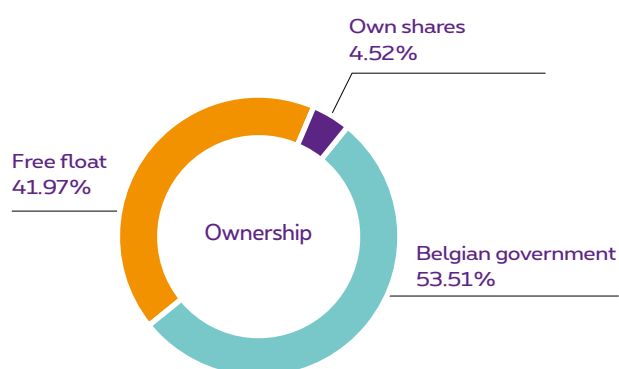
Proximus' main shareholder is the Belgian Government, owning 53.51% of the company's shares. Proximus held 4.52% of its own shares end-2021. The free float represented 41.97% or nearly 142 million shares. About 2/3rd was held by institutional shareholders.

Proximus' main institutional shareholders are located in the United States and Germany, followed by UK and France.

Proximus shares ownership – 31 December 2021

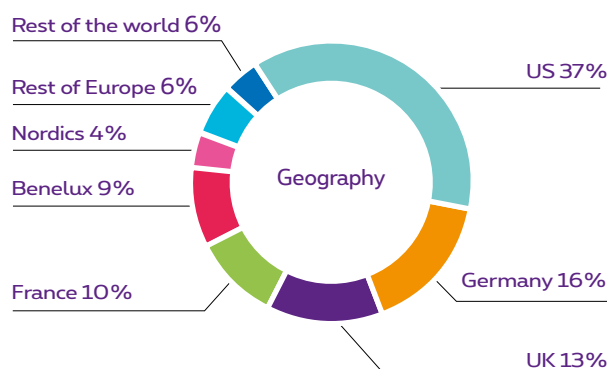
	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.05%	55.93%	180,887,569	180,887,569
Proximus own shares	15,283,771	4.52%	0.00%	0.21%	0	693,702
Free-float	141,853,795	41.97%	43.95%	43.86%	141,853,795	141,853,795
Total	338,025,135	100.00%	100.00%	100.00%	322,741,364	323,435,066

Proximus shares ownership



Source: Shareholder analysis November 2021
% of identified institutional shareholders - Nasdaq

Institutional shares per geography



Evolution of treasury shares

End of period 2020	15,335,109
Changes through liquidity contract	-44,900
Discount Purchase Plan employee	-6,438
End of period 2021	15,283,771

End 2021, Proximus held 15,283,771 treasury shares, representing 4.52% of the total number of shares. In the course of 2021, 6,438 treasury shares were used in a Discounted Share Purchase Plan, and no options were exercised¹.

The voting rights of all treasury shares are suspended by law. Proximus has 14,590,069 treasury shares that are not entitled to dividend rights and 693,702 treasury shares that are entitled to dividend rights.

¹ For more information, please see Remuneration Report

Transparency declarations

According to Proximus' bylaws, the thresholds as from which a shareholding needs to be disclosed have been set at 3% and 7.5%, in addition to the legal thresholds of 5% and each multiple of 5%.

In 2021, Blackrock Inc. notified of the changes in their Proximus shareholding as listed below.

To Proximus' knowledge, no other shareholder owned 3% or more of Proximus' outstanding shares as at 31 December 2021.

Notifications of important shareholdings to be made according to the Law of 2 May 2007 or Proximus' bylaws should be sent to

- FSMA on trp.fin@fsma.be
- Proximus on investor.relations@proximus.com

Date on which threshold was crossed	Notified on	Notifier	Reason for notification	Voting rights		Total incl. equivalent financial instruments	
				# voting rights after the notified transaction	% voting rights in total of 338,025,135 voting rights	# voting rights after the notified transaction	% voting rights in total of 338,025,135 voting rights
22/12/2021	23/12/2021	Blackrock Inc.	<5%	15,703,354	4.65%	19,737,319	5.84%
14/12/2021	15/12/2021	Blackrock Inc.	>5%	17,195,302	5.32%	20,444,804	6.05%
29/11/2021	30/11/2021	Blackrock Inc.	<5%	16,303,286	4.82%	20,071,991	5.94%
03/05/2021	05/05/2021	Blackrock Inc.	>5%	17,759,882	5.25%	21,428,015	6.34%
19/04/2021	20/04/2021	Blackrock Inc.	<5%	16,687,485	4.94%	21,218,964	6.28%
19/03/2021	23/03/2021	Blackrock Inc.	>5%	20,310,795	6.01%	21,112,877	6.25%
18/03/2021	19/03/2021	Blackrock Inc.	<5%	16,571,579	4.90%	17,362,144	5.14%
11/03/2021	15/03/2021	Blackrock Inc.	>5%	17,238,739	5.10%	17,479,702	5.17%
09/03/2021	11/03/2021	Blackrock Inc.	<5%	16,735,756	4.95%	17,000,310	5.03%
05/03/2021	08/03/2021	Blackrock Inc.	>5%	17,108,986	5.06%	17,447,512	5.16%
19/02/2021	23/02/2021	Blackrock Inc.	<5%	16,844,452	4.98%	17,383,484	5.14%
12/02/2021	15/02/2021	Blackrock Inc.	>5%	17,113,631	5.06%	17,996,854	5.32%
11/02/2021	12/02/2021	Blackrock Inc.	<5%	16,834,542	4.98%	17,829,236	5.27%
09/02/2021	10/02/2021	Blackrock Inc.	>5%	17,042,951	5.04%	18,026,365	5.33%
29/01/2021	01/02/2021	Blackrock Inc.	<5%	16,704,478	4.94%	17,848,810	5.28%
26/01/2021	27/01/2021	Blackrock Inc.	>5%	16,948,539	5.01%	17,971,426	5.32%
25/01/2021	26/01/2021	Blackrock Inc.	<5%	16,850,177	4.98%	17,848,436	5.28%

Shareholder remuneration

Dividend policy

End March 2020, Proximus announced its #inspire2022 strategy in its Capital Markets Day. This included a substantial increase in network investments driven by the replacement of its historical copper network with future proof fiber. Proximus is funding the deployment of its fiber network through an optimized capital

structure, completed by selective asset sales. Notwithstanding its elevated investment needs, Proximus remains committed to an attractive remuneration for its shareholders and intends to return over the result of 2021 an annual gross dividend of € 1.2 per share.

The 2021 dividend return is in line with Proximus' announced dividend policy over the period 2020-2022. On an annual basis, the proposed dividend is reviewed and submitted to the Board of Directors, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions and may be subject to change in case of unforeseen risks or events outside the company's control.

Dividend over the result 2021

On 17 February 2022, the Board of Directors approved to propose to the Annual General Shareholders' Meeting of 20 April 2022 to return over the result of 2021 a gross dividend of € 1.20 per share, of which € 0.50 interim dividend per share was paid in December 2021.

After approval by the Annual Shareholders' Meeting, the normal dividend of € 0.70 per share will be paid on 29 April 2022, with record date on 28 April 2022 and ex-dividend date on 27 April 2022.

This brings the total declared dividend over the result of 2021 to € 387 million.

Investor relations

Proximus Investor Relations (IR) aims at ensuring open communication with the Belgian and international investment world on a regular basis. Through transparent, consistent dialog with investors and financial analysts, the Group strives for a fair share value based on high-quality financial information.

To keep Proximus' current and potential shareholders informed, Proximus' management speaks to the financial community on a regular basis. Each quarterly results announcement is followed by a conference call and investor/analyst presentation during which maximum time is reserved for a "questions & answers" session.

Throughout 2021 Proximus has organized several roadshows with top management in a virtual mode, following the COVID-19 pandemic. Furthermore, Proximus has participated in several major international investment virtual conferences. In all these activities, management is supported by the Investor Relations team (IR).

The Proximus IR team offers daily support to the retail and institutional shareholders as well as to the sell-side analysts.

A strict quiet period is observed before the communication of the quarterly results. The start of the quiet period is published on the Proximus Investor Relations website.

Financial calendar²

11 April 2022	Start of quiet period ahead of Q1 2022 results
20 April 2022	Annual Shareholders' meeting (AGM)
29 April 2022	Dividend payment (to be approved by AGM)
29 April 2022	Announcement of Q1 2022 results
11 July 2022	Start of quiet period ahead of Q2 2022 results
29 July 2022	Announcement of Q2 2022 results
10 October 2022	Start of quiet period ahead of Q3 2022 results
28 October 2022	Announcement of Q3 2022 results

² Note that these dates may be subject to change

Non-financial Statements

Materiality and stakeholder dialogue

Materiality determination

In 2021, we conducted a new materiality assessment in partnership with external consultants. This enabled us to update the list of relevant topics while taking into account the latest developments in materiality assessment. The materiality matrix resulting from this process was validated by the Board of Directors. It serves as a guide to set strategic priorities going forward and

identify areas of mutual benefit between Proximus and all our stakeholders.

The following steps were taken to conduct the materiality assessment:

Step 1 **Internal & external analysis**

We conducted extensive desk research to establish the full universe of topics potentially relevant to our strategy. Our analysis included a range of internal sources such as past

stakeholder surveys and strategy documents, as well as publicly available industry benchmarks and a review of sector peers.

Step 2 **Senior management engagement**

We consulted the Executive Committee to establish a shortlist of the most relevant topics to Proximus and get their

assessment of each topic's impact on Proximus long-term success.

Step 3 **Stakeholder consultation**

We conducted online quantitative research as well as in-depth qualitative interviews to assess the importance of each material topic in the eyes of our stakeholders. The stakeholder groups consulted were: investors, employees and the Proximus

leadership team, political and regulatory stakeholders, suppliers, partners, enterprise customers, journalists & opinion leaders, and a general public sample including residential customers as well as non-customers.

Step 4 **Materiality matrix development**

Based on the consultation's findings, we plotted these most important topics, and their potential impact on Proximus' long-term business success on a matrix. The integrated materiality matrix combines the view of our stakeholders and of the

Proximus Leadership Team. The topics are clustered in 5 areas of interest: customer trust, digital society, environmental impacts, employee welfare and business conduct.

List of material topics and definitions

Customer trust

Delivering customer promises: Deliver high-quality reliable digital services and great customer support.

Customer value for money: Give our customers the best possible service at the best possible price.

Environmental impacts

Energy and CO₂ emissions: Reduce energy and CO₂ emissions, and use renewable energy resources.

Sustainable infrastructure: Minimize the environmental impacts of the digital infrastructure (e.g. materials and energy).

Circular economy: Reuse and recycling of electronic devices and materials.

Environmental solutions: Develop solutions for consumers and businesses to reduce their environmental footprint.

Employee welfare

Employee up-skilling, re-skilling & employability: Support employees with opportunities to develop their skills throughout their employment.

Diversity & Inclusion: Cultivate a diverse workforce, an inclusive company culture, and make minorities visible in our marketing.

Workplace wellness: Ensure the physical and mental well-being of our employees.

Business conduct

Business conduct & ethics: Maintain the highest standards of integrity in all aspects of the business, including ethical data management.

Responsible supply chain: Source materials in a way that respects people and the planet.

Human rights: Respect human rights across our entire supply chain.

Digital society

Digital access: Bridge the digital gap with affordable high-speed internet for every Belgian home.

Digital inclusion: Equip people with digital skills for better learning, employability and online safety.

Privacy & data security: Ensure that data is secure and personal information is protected.

Support digital infrastructure for Belgian society: Help public service organizations (hospitals, government, schools...) build their digital infrastructure.

Access to essential services: Create tools to develop more inclusive access to essential services (e.g. health or banking apps).

Support small and medium business development: Help Belgian SMEs grow by providing digital tools and infrastructure.

Address 5G concerns: Educate the public on 5G through evidence-based research.

Mental health: Address digital issues that can affect mental health (e.g. overconsumption, freedom of choice).

Key highlights of 2021 materiality assessment

Compared to the previous materiality assessment performed in 2018, the following major changes have been identified.

On the list of material topics:

- 3 new material topics have emerged: *Workplace wellness*, *Human rights* and *Support digital infrastructure for Belgian society*.
- The previous topic *Pricing and billing transparency* is now included in the topic *Customer value for money*.

On the evolution of topics:

- The most important issues to our stakeholders have a **strong customer focus**: *Delivering customer promises*, *Privacy & data security* and *Customer value for money*. This was already the case in our previous materiality study.
- **Business conduct** topics rank highly on both axes especially *Human rights* and *Business conduct & ethics*. These topics also tend to be areas of consistently high expectations over time.
- This year however, we observe an **increased importance of employee topics**, *Workplace wellness* and *Employee*

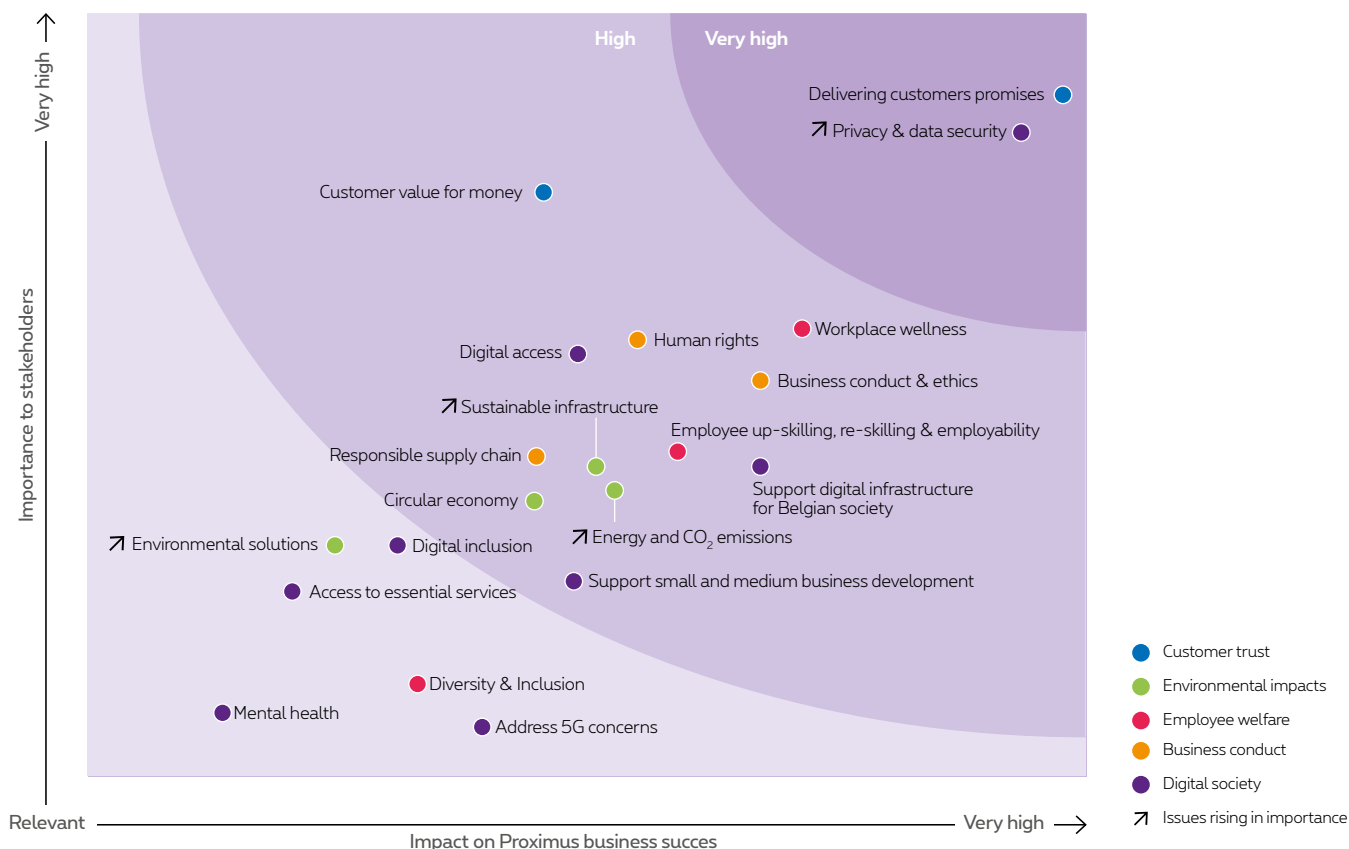
up-skilling, re-skilling & employability, which emerged as key topics for our stakeholders and our leaders.

- There is an increased focus on **environmental impacts**, with *Energy and CO₂ emissions*, *Sustainable infrastructure* and *Environmental solutions* all rising in importance according to stakeholders.
- **Digital society** topics that are core to our business (*Digital access*, *Support digital infrastructure for Belgian society*) rank among the highest in this category. Topics linked to health (*Mental health*, *Address 5G concerns*) have become less material according to stakeholders.

We recognize that all these 20 topics are relevant and therefore are all taken into account by Proximus in the execution of its strategy.

However, in the specific context of annual reporting, we limit the number of material topics that are reported in this annual report to the 14 most important topics, included in zones "Very High" & "High" as shown in the matrix below.

Materiality Matrix 2021



Correspondence between Proximus most material topics and the SASB sector-specific topics

To ensure our identified priorities are aligned with the SASB sector-specific topics we linked our most important topics to the SASB topics for the sector "Telecommunication services". See table below:

SASB topics	Proximus material topics
GHG Emissions	Energy and CO ₂ Emissions
Energy Management	Energy and CO ₂ Emissions Sustainable Infrastructure
Customer Privacy	Privacy & Data Security
Data Security	Privacy & Data Security
Labor Practices	Human Rights
Employee Health & Safety	Workplace Wellness
Employee Engagement, Diversity & Inclusion	Diversity & Inclusion Employee upskilling, reskilling & employability
Product Design & Lifecycle Management	Circular Economy
Supply Chain Management	Responsible Supply Chain
Materials Sourcing & Efficiency	Circular Economy

Stakeholder dialogue

We foster the relationship with all our stakeholders. Therefore, we will continue to manage a solid governance and a clear ethical compass. Responsibly and respectfully.

First of all, we strive to improve our ESG measures (environmental, social and corporate governance) by defining a clear improvement strategy, setting up clear action plans and integrating them in the long-term incentives for top management.

In order to stay relevant, we want to engage with all stakeholder groups on a more structured and regular basis:

- We involve our stakeholders on a day-to-day basis in what we do to respond to specific demands.
- In 2021, we conducted a new materiality assessment. The new materiality matrix was validated by our Board of Directors. We repeat this assessment every 3 years. The next one will be held in 2024.
- In 2021, we issued a Public Affairs policy (internal document) defining how to engage with public authorities.

Proximus is an autonomous public enterprise with the Belgian state as a majority shareholder, resulting in regular interactions with policymakers. We actively engage with decision makers on every political level and support activities which foster public debate about the consequences of a rapidly changing and increasingly digital world. Through our membership of various (business) associations, we also engage with politicians at the Belgian and European level.

Proximus refrains from any funding of political parties, political individuals or government institutions. Our management upholds strict standards on ethical and transparent behavior. In the past years, Proximus has always had the policy to approach policymakers directly.

We consider the following groups as our stakeholders: consumer and corporate customers, employees, investors, partners, suppliers, government & regulatory bodies, press, start-up communities and thought leaders.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2021	Our response
Employees	- Benefit from a safe and flexible work environment which ensures their physical and mental well-being. - Receive opportunities and challenges fitted to their ambitions. - Have the possibility to develop and adapt their skills to find opportunities in a changing employment market and to evolve in a company adopting new ways of working. - Positively contribute to the environment and to society as a whole.	- Every year, we organize multiple surveys, Speak Up, to have a better view on the employee engagement. - By promoting a culture of openness and transparency, each employee is encouraged to speak up and share his/her concerns with his/her management, colleagues but also HR department. - Based on the feedback of the employees, action plans are designed and implemented to address the concerns.	- More open and transparent communication. - Bring the leadership closer to the employees and strategic alignment. - Stronger customer focus. - Mental well-being.	- We communicated our strategic ambitions to all employees during a digital event, viewed simultaneously by 7,300 employees. - We offer re-skilling and up-skilling opportunities and invest massively in training in the domains of the future. - During the COVID-19 crisis, we reached out more often to our employees to inform, reassure and motivate them. We launched specific initiatives to allow employees to connect together as a team in a digital way. - To facilitate digital communication and collaboration, we offer our employees a set of secure and user-friendly digital tools that can be used on any device. - Close follow up of employee experience via regular short surveys and adapt and act faster on specific topics (e.g. COVID-19 crisis management,...). - We promote a positive physical and mental health environment in the workplace with initiatives such as a Work Smarter Charter: a set of guidelines for a better life-work balance. - A large number of initiatives, sponsorships and collaborations have been put in place to build a more inclusive culture.
Residential customers and small businesses	- Receive high-quality products and services at a fair price. - That Proximus delivers on customer promises. - Always be up to date on the latest trends in terms of connectivity and an effortless user experience. - Have unfiltered access to the digital world and to be connected with what matters to them. To be able to engage with friends & family, to work and to enjoy the best entertainment, wherever you are. - That Proximus ensures the security of their privacy & data. - That Proximus plays its role as a key player in Belgium and to contribute to the society they live in.	- We communicate and engage with customers and prospects through mass-communication channels (TV, radio, printed press, online), direct channels (social media, email, sms ...) and can be reached via phone, shops, webform, social media messages, etc. - Our customers have access to a broad self-service portal (MyProximus) where they can manage their products, consult bills, etc. - Including our customers in our operations is key for us to respond the best we can to their needs. We thus set up ways to continuously co-create with customers through design thinking sessions and focus groups. - Our "Voice of the Customer" project allows us to track customer feedback and act on it swiftly.	- Stay connected with family and friends during the COVID-19 crisis and be able to work, study or run a business from home. - Have relevant and differentiating customer solutions. - Have seamless and frictionless access to the best content and digital experiences. - Enjoy great network quality with high reliability. - Stay on top of new digital evolutions and discover innovative digital services. - Be more conscious about the environment and the local economy in a globalizing world.	- Numerous initiatives during COVID-19 crisis to enable our customers to stay connected. - With the new digital bill the customers have a clear and transparent view on their invoices - We improved digital customer interactions. - We doubled download speed in our Flex & Business Flex Fiber offerings and offer more data for the same price for some of our Flex packs. - We offer easy access to essential services such as our Pickx entertainment platform, the eHealth platform Doktr and the financial app Banx. - We enable them to get insight into their ecological footprint with MyFootprint and to monitor their consumption with EnergieID. - Accelerated roll-out of fiber and further roll-out of 5G.
Enterprise customers	- Proximus to show leadership, ownership and partnership, a perfect mixture of guiding them, taking care of them, and working with them. - That Proximus not only serves their connectivity and ICT needs, but also is the trusted partner in their digital transformation, thus helping them serve their own customers better. - A personalized and high-quality service. - That Proximus delivers on customer promises. - That Proximus offers the highest standards of data security. - That Proximus develops solutions to reduce their environmental footprint.	Next to our regular interaction through our account managers, contact centers, digital channel and indirect partner channel, we also engage with our customers through regular surveys, feedback meetings as well as "Voice of the Customer" forums and advisory boards.	- The focus remains to keep their business up and running during the pursued COVID-19 crisis, with challenges on teleworking, rethinking telephony, investing in cloud and web portals, and reviewing the physical workspace. - More than ever, security is high on the priority list of each company.	- Continued focus on projects that increase the customer experience in their key journey's with Proximus (both physical & digital). - Vertical customer segmentation to understand our customers' context better and tailor our portfolio & services to their needs. - We help enterprises with their digital transformation in various domains such as digital workplace solutions, cloud solutions, cybersecurity, software-defined networks, next-generation mobile networks and analytics, things and applications. - We offer strategic and technical consulting, help them to implement solutions and unburden them by delivering managed services. - We launched an integrated ICT offering for small and mid-sized businesses offering a broad mix of telecom (both fixed and mobile) and ICT solutions and support. - Proximus and its affiliates combine their respective expertise to help customers in their digital transformation journey. - Building ecosystems with our partners and customers to create innovative solutions for business and societal challenges (smart health, smart building, eEducation or smart city) and enable them to reduce their carbon emissions. - Accelerated roll-out of fiber, further roll-out of 5G and launch of our 5G innovation platform.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2021	Our response
Government & regulators	- Proximus to comply with all rules and regulations in place in Belgium, Europe & internationally. - Proximus to respect business ethics. - As a Belgian and partly state-owned company, that Proximus plays a role in developing the digital society and economy of tomorrow through investments and involvement. This includes contributing to a greener digital society.	- We proactively & regularly engage with our government representatives and regulators through business associations such as Agoria, the European Telecommunications Network Operators' Association (ETNO), GSMA, etc. - We maintain regular interactions with politicians and representatives to develop partnerships (for example to increase coverage in white zones).	- FTTH monthly rentals pricing set in 2021. - First step of review of broadband and TV markets in 2021, effective review process expected in 2022. - Multiband spectrum auction to be organized in Q2 2022. Final legal texts approved end November 2021, still include reservation of spectrum for new entrants. Current 2G and 3G licenses extended until 15 March 2022 and until new spectrum rights are auctioned. - Regions planning to invest in parallel networks. - Law transposing EU telecom Code adopted on 16 December. Implementation in 2022. - Social tariffs regime to be reviewed and extended in 2022. - Roaming regulation under review. RLAH to be extended until 2032. Further decrease of wholesale roaming charges after 2022. Additional quality of service and transparency obligations.	We advocate our position towards the relevant authorities, we ensure timely compliance with new rules and the business responds with adequate commercial actions to new obligations.
Investors	- A transparent, accurate and consistent communication and insights on the market we operate in. - Clear information on our strategy, achievements, and ambitions going forward and short to mid-term perspectives. - Information on how we expect to create value and timely accurate updates. - The necessary access to top management and the opportunity to receive clarification and ask questions. - Provide clear metrics and targets for our performance on Environmental, Social and Governance topics.	- CEO, CFO and Investor Relations participated in several conferences and roadshows, in a virtual mode, due to the COVID-19 pandemic. During these meetings, most of the available time was dedicated to investor questions. - Proximus organizes on a quarterly basis a management conference call/webcast during which a significant amount of time is attributed to a question and answers session. - Proximus organized its yearly general assembly where all investors are invited.	- Proximus' fiber strategy, the benefits and the risk of overbuild. - Competitive environment: how this might be changing and the impact on Proximus. This especially in view of the upcoming spectrum auction and the change in ownership of the Walloon cable operator VOO. - Growth potential Consumer market, the status of the transformation in Enterprise and the potential to reduce costs going forward. - Strategic plans with BICS and Telesign. - Channel investments to projects that have demonstrated climate and social benefits. - ESG disclosures & ratings improvement.	- A detailed disclosure allows investors to get insight in Proximus' achievements in the Belgian market through the publication of several KPIs on the main products. - In 2021 we organized several ad-hoc conference calls: following the full ownership acquisition of BICS, a "Fiber Update" during which we disclosed more details on the fiber roll-out, fiber joint ventures and financials and to announce Proximus intent to take TeleSign public. - The quarterly presentations addressed the hot topics in the market such as updates on the Fiber project, the main KPIs for Consumer and Enterprise, and a more frequent view on the progress made in the ESG domain. - Set-up of an action plan to improve ESG ratings. The action plan should ensure a more consistent future increase of the ratings. - Launch sustainable finance framework and issued a Green Bond: by issuing green, social and sustainable finance instruments, Proximus intends to align its funding strategy with its mission, sustainability and climate strategy and targets.
Suppliers	- Proximus to fulfil its long-term commitment and uphold its end of the deal. - Proximus to offer transparent contract conditions with fair pricing conditions.	- We consider our suppliers as very impactful and we engage with them through regular audits to ensure they follow our sustainable and ethical principles. - We work in close collaboration with our suppliers in the implementation of projects and initiatives to jointly design sustainable products. - We invite our suppliers to sign our Manifesto, the commitment of Proximus and its suppliers to work together to reduce their carbon footprint and produce more circular products.	- We aim to have 75% of our suppliers with a positive CSR rating (assessments and audits) till 2025. - Reduce our carbon footprint and produce more circular products.	- In 2021, 71% of suppliers screened on human rights and environmental risks had a positive score. - At the end of 2021, 74 suppliers have signed our Manifesto. 100% of our contracts with our suppliers have a clause and/or are linked to our Supplier Code of Conduct on social, ethical and environmental standards.

Stakeholder group	What they expect	How we engage	Main topics and concerns in 2021	Our response
Society at large	• High quality networks and high quality reliable digital services. • Proximus to have a positive impact on Belgian society. • That Proximus cares for the environment. • Proximus to act as a responsible company, maintaining the highest standards of integrity and business ethics.	• Every quarter, we run surveys amongst the general public in Belgium. We evaluate our performance on key drivers and follow-up on them. • We work with various Belgian NGOs and associations to address societal needs.	• An important societal topic was the environment, with more and more voices being heard demanding action from companies like Proximus. • The society expect organizations like Proximus to communicate openly and to be transparent with them and to ensure full protection of their personal data. • People are concerned about the skills needed to be part of the digital world.	• We are building an open gigabit network for Belgium, by rolling out fiber and 5G at an accelerated pace. • We offer clear information and advice on our website on the risks of electromagnetic waves, in particular about 5G. • We have a solid green strategy, with the ambition to reaching net-zero emissions across our total footprint by 2040 and to become a truly circular company by 2030. • By working together with our customers, partners and suppliers, we develop innovative solutions helping customers to reduce their carbon footprint. • We contribute to create a more inclusive digital society by partnering with organizations such as MolenGeek, Technobel or School 19 and through the DigitAll ecosystem. • We raise awareness about cybersecurity among children by partnering with Child Focus and among society at large through our partnership with the Centre for Cyber Security Belgium and the Cyber Security Coalition. • We apply strict rules and guidelines for ourselves and throughout our supply chain with regards to ESG standards.

Social statement

General note to the social statement

The social statement describes the key indicators, scoping, boundaries, calculation methodologies and reporting standards for all social domains.

The indicators marked with a tick mark are subject to a limited external assurance audit by Deloitte. In addition to previous annual report, the following information has been added: new indicators on work-life balance, gender pay and a new section on digital inclusion. Compared to last year, the statement on sponsoring

has been removed as our way of communicating about our sponsoring achievements is under review.

Scope of the social statement

The scope of this statement is limited to the activity of Proximus SA, unless stated otherwise. It does not include activities linked to our Belgian affiliates. The numbers are expressed in FTE unless stated otherwise. Full year data are reported.

S1: Workforce

S1	Workforce	Unit	2017	2018	2019	2020	2021 ✓*
	Total number of employees (FTE) for the Proximus Group	Number	13,391	13,385	12,931	11,423	11,532
	BICS	Number	509	505	467	468	450
	TeleSign	Number	238	222	322	504	504
	Proximus Group excl BICS and TeleSign	Number	12,644	12,658	12,143	10,530	10,577
S1.1	Total number of employees and workers (FTE)	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Employees	Number	10,330.8	10,168.1	9,651.6	8,180.3	8,796.2
	Workers	Number	1,149.8	1,001.6	904.6	643.7	0
	Total number of employees (FTE) by gender	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Female	Number	3,411.8	3,375.5	3,232.7	2,629.5	2,633.5
	Male	Number	8,068.8	7,794.2	7,323.5	6,194.5	6,162.7
	Total number of employees (FTE) per level	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Top management	Number	160.5	162.3	153.5	164	167
	Female	Number	32	34.5	35.5	39	37
	Male	Number	128.5	127.8	118	125	130
	Senior management	Number	877.3	905.2	914.8	899.4	953
	Female	Number	212.2	225.2	234	239.4	268.6
	Male	Number	665.1	680	680.8	660	684.4
	Middle management	Number	2,133.5	2,154.4	2,171.7	2,060.9	2,155.2
	Female	Number	543.5	566.3	577.2	571.1	614.9
	Male	Number	1,590	1,588.1	1,594.5	1,489.8	1,540.3
	Lower management	Number	675.8	662.5	605.7	539.2	524.5
	Female	Number	245.8	250.8	235.2	209.2	199.2
	Male	Number	430	411.7	370.5	330	325.3
	Sales	Number	1,667.3	1,605.5	1,516.6	1,123.1	1,087.8
	Female	Number	726.7	693.1	643	435	403.9
	Male	Number	940.6	912.4	873.6	688.1	683.9

*External audit

S1	Workforce	Unit	2017	2018	2019	2020	2021 ✓*
	Employees	Number	5,966.3	5,679.8	5,194	4,037.5	3,908.7
	Female	Number	1,651.7	1,605.6	1,507.8	1,135.9	1,109.9
	Male	Number	4,314.6	4,074.2	3,686.1	2,901.6	2,798.8
S1.2	Total number of employees (FTE) by employment contract, by gender and by region	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Defined duration	Number	161	184	164.8	131.8	99
	Female	Number	64	84	58.8	65.8	33
	Male	Number	97	100	106	66	66
	Brussels	Number	54	51	37.8	28.8	27
	Flanders	Number	70	83	68	77	42
	Wallonia	Number	37	50	59	26	30
	Replacement contract	Number	35	1	0	0	1
	Female	Number	9	0	0	0	0
	Male	Number	26	1	0	0	1
	Brussels	Number	8	0	0	0	0
	Flanders	Number	19	0	0	0	0
	Wallonia	Number	8	1	0	0	1
	Statutory	Number	3,746.9	3,238.6	2,768.8	1,879.1	1,737.6
	Female	Number	690	600.2	512.6	336.6	318.3
	Male	Number	3,056.9	2,638.4	2,256.6	1,542.5	1,419.3
	Brussels	Number	1,589.8	1,372.5	1,226.1	955.3	897.1
	Flanders	Number	1,096.9	954.1	779.3	424.5	384.2
	Wallonia	Number	1,060.2	912	763.4	499.3	456.3
	Undefined duration	Number	7,537.7	7,746	7,622.6	6,813.1	6,958.6
	Female	Number	2,648.8	2,691.2	2,661.5	2,227.1	2,282.2
	Male	Number	4,888.9	5,054.8	4,961.1	4,586	4,676.4
	Brussels	Number	5,005.1	5,021.2	4,956.8	4,551.2	4,645.2
	Flanders	Number	1,217.4	1,341.5	1,312.1	1,127.4	1,180
	Wallonia	Number	1,315.3	1,383.4	1,353.7	1,134.6	1,133.4
	Total number of employees (FTE) by language	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Dutch	Number	6,170.7	5,982.7	5,625.4	4,717.5	4,700.3
	French	Number	5,278.6	5,155.5	4,900.4	4,088.7	4,078.6
	German	Number	31.3	31.5	30.4	17.8	17.3
S1.3	Total number of employees (FTE) by age group	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Under 30	Number	899.2	1,005.3	861.3	838.9	758.2
	30-50	Number	6,321.9	6,222.1	5,917.9	5,038.4	4,869
	Over 50	Number	4,259.6	3,942.3	3,777.1	2,946.8	3,169
	Total number of employees (FTE) by employment type, by gender	Number	11,480.6	11,169.7	10,556.2	8,824	8,796.2
	Full time	Number	9,578.4	9,362.8	9,125.9	8,093.7	8,063.9
	Female	Number	2,524.6	2,541.8	2,499.6	2,202.3	2,224.7
	Male	Number	7,053.8	6,821	6,626.3	5,891.4	5,839.2
	Part time	Number	1,902.2	1,806.9	1,430.3	730.3	732.3
	Female	Number	887.2	833.7	733.1	427.2	408.8
	Male	Number	1,015	973.2	697.2	303.1	323.5
	Percentage of total employees covered by collective bargaining agreements	%	98.6%	98.5%	98.5%	98.1%	98.1%

*External audit

Definitions

- **Workforce:** number of active employees on Proximus SA payroll at the end of the period. Those numbers include part-time and defined duration/replacement contract employees, but exclude employees with a dormant contract, long-term illness, students and sub-contractors.
- **Proximus Group:** Proximus SA and its subsidiaries form the Proximus Group.
- **Employees:** employees perform mainly intellectual work.
- **Workers:** workers perform mainly manual work.
- **Full time equivalent:** the FTE of an employee is calculated by dividing the actual working hours of this employee by the total working hours of a full-time employee at the end of the reporting period.
- **Statutory employee:** any employee who is permanently appointed to a grade by the appointing authority of Proximus.
- **Collective bargaining agreements:** the Collective Agreement (CA) refers to an agreement between Proximus and its social

partners (the three Representative Union Organizations).

A CA consists of various topics, divided into four main pillars for the active employees: generic, well-being, employment (working conditions) and quantitative (compensation & benefits). The measures applicable to the non-active population, are classified into a fifth main pillar. Some measures are strictly limited to the duration of the CA period, while some cover a longer period and others have a recurring effect. Negotiations about a CA are driven by a list of requirements drafted by the representative unions. The CA 2021-2022 was unanimously approved by the Joint Committee on December 22, 2021. All employees are covered by the collective bargaining agreements except the executive and the senior management. Proximus' collective bargaining agreements cover systematically two years: 2017-2018, 2019-2020 and 2021-2022.

Notes

- **S1.1** As per 20 July 2021, and in line with the Collective bargaining agreement of 2019-2020, the workers have been aligned towards employee's employment contract. Therefore, since January 21, no employees under the category "workers" have been employed within Proximus SA.
- **S1.2** The number of statutory employees (FTEs) is decreasing each year because in 1996 Proximus stopped recruiting people with a statutory contract. Since the statutory members belong to the older age groups and naturally evolving towards retirement.
- **S1.3** As a result of the employment stability at Proximus, the category over 50 is increasing year on year. Therefore, the increase in the number of employees (FTEs) in the age group over 50 was greater than in the other age groups in 2021 vs 2020.

S2: Well-being, satisfaction and retention

S2	Well-being, satisfaction and retention	Unit	2017	2018	2019	2020	2021 ✓*
S2.1	Results of employee engagement survey	Average score %	72.3%	72.7%	56%	71.5%	70%
S2.2	Total number and rate of employee turnover (FTE) during the reporting period, by gender and age group	% (Number)	6.9% (789.4)	6.6% (738.7)	7.6% (807)	24.7% (2,179.7)	4.4% (388.7)
	Female	% (Number)	5.3% (181.2)	4.9% (166.2)	6.5% (208.5)	30.5% (803.3)	3.8% (100.7)
	Male	% (Number)	7.5% (608.2)	7.4% (572.5)	8.2% (598.5)	22.2% (1,376.4)	4.7% (288)
	Under 30	% (Number)	11.9% (116.7)	9.5% (96.1)	14.8% (128.1)	20.1% (168.9)	13.4% (101.6)
	30-50	% (Number)	2.1% (135.7)	2.1% (119.9)	3.2% (189.1)	16.1% (810.7)	2.8% (135.6)
	Over 50	% (Number)	13% (537)	12.1% (522.7)	13% (489.8)	40.7% (1,200)	4.8% (151.5)
	Total number and rate of new employee hires (FTE) during the reporting period, by gender and age group	% (Number)	3.4% (390.3)	4.9% (548)	2.9% (308.8)	5.2% (458.9)	5% (442.5)
	Female	% (Number)	4.1% (139)	5.2% (177)	3.1% (101.8)	6.2% (161.9)	5.5% (146)
	Male	% (Number)	3.1% (251.3)	4.8% (371)	2.8% (207)	4.8% (297)	4.8% (296.5)
	Under 30	% (Number)	25.2% (247)	33.2% (341)	18.8% (162)	32.9% (276)	28.1% (213)
	30-50	% (Number)	2% (129.3)	3.2% (201)	2.3% (133.5)	3.5% (175.9)	4.5% (217.5)
	Over 50	% (Number)	0.3% (14)	15% (6)	0.4% (13.3)	0.2% (7)	0.4% (12)
S2.3	Total number of employees that returned to work in the reporting period after parental leave ended, by gender	Number	349	351	340	537	231
	Female	Number	172	184	181	261	119
	Male	Number	177	167	159	276	112
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	Number	332	330	342	274	525
	Female	Number	171	166	180	136	259
	Male	Number	161	164	162	138	266
	Return to work and retention rates of employees that took parental leave, by gender	%					
	Return to work	%	97.8%	98%	95.2%	88.6%	96.7%
	Female	%	97.7%	97.9%	95.8%	85.6%	96%
	Male	%	97.8%	98.2%	94.6%	91.7%	97.4%
	Retention rates	%	94.9%	92.4%	95.5%	76.8%	87.2%
	Female	%	96.1%	94.3%	95.7%	72%	85.2%
	Male	%	93.6%	90.6%	95.3%	82.1%	89.3%
S2.4	Work-life balance	%					
	Working from home	%	N.A.	N.A.	N.A.	55%	76%
	Good physical and mental well-being	%	N.A.	N.A.	N.A.	55%	56%
	Good work-life balance	%	N.A.	N.A.	69%	68%	73%

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S2	Well-being, satisfaction and retention	Unit	2017	2018	2019	2020	2021	✓*
S2.5	Gender pay equality assessment	%						
	Management	Fixed Remu- neration in €	N.A.	N.A.	N.A.	N.A.	€ 146,617.7	
	Female	%	N.A.	N.A.	N.A.	N.A.	99.8%	
	Male	%	N.A.	N.A.	N.A.	N.A.	100.1%	
	Employees	Fixed Remu- neration in €	N.A.	N.A.	N.A.	N.A.	€ 55,765.3	
	Female	%	N.A.	N.A.	N.A.	N.A.	97.1%	
	Male	%	N.A.	N.A.	N.A.	N.A.	101.4%	

Definitions

- **Turnover:** the number of employees (FTEs) who left the company during the reporting period. This number includes all kinds of leaves (voluntary or not, end of contract, pension). The rate is calculated by dividing the number of leavers (FTEs) during the reporting period by the number of employees (FTEs) at the end of the reporting period.
- **New hires:** number of employees (FTEs) hired during the reporting period. The rate is calculated by dividing the number of hired employees (FTEs) during the reporting period by the number of employees (FTEs) at the end of the reporting period. It is the number of new entries over the reporting period, divided by the total number of employees working in that category at the end of the reporting period. E.g.: (Number of new female hires within the reporting period/Number of women working at Proximus SA by end of the reporting period)*100.
- **Return to work rate:** calculation: Total number of employees that did return to work after parental leave/ Total number of employees due to return to work after taking parental leave*100. Expressed in headcount, not in FTE.
- **Retention rate:** calculation: Total number of employees retained 12 months after returning to work following a period of parental leave/ Total number of employees returning from parental leave in the prior reporting period(s)*100.
- **Working from home:** percentage of the total work duration performed from home.
- **Good physical and mental well-being** (the percentage of employees giving a “good” score in the Speak Up Survey): “Well-being refers to your physical & mental health, and how fulfilled you are in your work and life. In general, my sense of well-being is...” Scale of 1-5, Good= 4 or 5. Speak Up is an internal employee engagement survey.
- **Good work-life balance** (the percentage of employees giving a “good” score in the Speak Up Survey): “I can manage my job responsibilities in a way that enables a healthy work-life balance” Scale of 1-5, Good= 4 or 5. Speak Up is an internal employee engagement survey.
- **Gender pay:** is an analysis of the remuneration structure by level.
This KPI is about percentage and fixed remuneration.
Percentage (%): 100% is here equal to the average Proximus wage by level (management or employees) with which the wages per gender are compared.
Fixed remuneration consists of a fixed salary earned by the employee for the reported year. 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.

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Notes

- **S2.1:** The percentage for the employee engagement survey has fallen slightly, but despite this the score remains high. People respond positively to the level of autonomy and responsibility they get and take in their work. Engagement items relating to pride to work for Proximus and e-NPS (employee-Net Promotor Score) item also remain positive. A typical e-NPS question is “How likely would you be to recommend your company to people you know as a great place to work”. Some categories in the employee satisfaction survey show a slight decrease.
- **S2.2:** 2020 was an exceptional year due to the transformation plan. In 2021, we notice that the normal turnover figures for the years prior to 2020 are returning.
- **S2.3:** In 2021, 231 employees came back out of parental leave. All parental leaves in the year were taken into account, whether the person left at the end of the year or not.
- **S2.4:** In 2021, the number of homeworkers remains affected by the COVID-19 situation. The well-being of workers is also still challenged by the COVID-19 context, so results remain in line with 2020 results, with many people indicating that their sense of well-being is not very good. However, the work-life balance of employees has improved significantly; a direct effect of teleworking, giving more flexibility to employees in work location and time, but the results continue to vary according to the level of employees (more positive for lower levels).
In conclusion, the 2021 results are stable, with a very high score on pride to work for Proximus and e-NPS, despite the ongoing disruptive context of COVID-19 and the transformation to agile ways of working that is taking place.
- **S2.5:** In 2021, female managers received 0.20% less than the average salary for their status, while female employees received 2.95% less than the average for their status. This difference is due to the fact that women working at Proximus work more part-time than full-time compared with their male colleagues. The difference is therefore not due to a different pay policy for men and women.

S3: Training and development

S3	Training and development	Unit	2017	2018	2019	2020	2021 ✓*
S3.1	Total number of internal moves (function changes) during the reporting period	Number	1,177	983	519	2,146	782
S3.2	Average hours of training that the organization's employees (FTEs) have undertaken during the reporting period, by gender and employee category	Hours	22	24	39	39.5	41.3
	Female	Hours	24	23	30	34.5	30.8
	Male	Hours	21	24	42	41.7	45.8
	Executive	Hours	23	35	37	26.1	26.3
	Senior management	Hours	27	28	38	32.3	30.3
	Middle management	Hours	24	24	38	30.3	32.2
	Lower management	Hours	32	25	41	30.8	30.7
	Employees	Hours	19	22	39	46.5	50.6

Definitions

- **Internal moves:** the number of employees (FTEs) who have changed function during the reporting period.
- **Training hours:** average hours of training that the organization's employees (FTEs) have undertaken during the reporting period.

Notes

- **S3.1** In 2020, we had an exceptionally large number of internal moves (2,146) due to various reorganization files and favorable effects (e.g. employee re-skilling) following the transformation plan. In 2021, 782 employees changed jobs internally. We encourage internal mobility, as we want to ensure that all employees benefit from continuous learning and do a job that matches their talents.
- **S3.2** The average training hours per employee in 2021 is aligned with our internal ambitions. Furthermore, in 2021, we invested € 32.34 Mio in training vs € 34.45 Mio in 2020. We committed to guarantee at least two days of training per employee. Despite multiple initiatives we arrived at 65% of employees having completed two days of training, which is a 5% increase compared to 2020.

*External audit

S4: Health and Safety

S4	Health and Safety	Unit	2017	2018	2019	2020	2021	✓*
S4.1	Safety figures by gender (Proximus Group)							
	Injury rate (IR)	Rate	0.000006	0.000007	0.000007	0.000008	0.000004	
	Female	Rate	0.000006	0.000005	0.000008	0.000002	0.000001	
	Male	Rate	0.000009	0.000008	0.000001	0.000001	0.000005	
	Occupational disease rate (ODR)	Rate	0.0000003	0.0000003	0.0000007	0.0000005	0.0000003	
	Female	Rate	0.0000004	0	0	0.0000002	0	
	Male	Rate	0.0000003	0.0000004	0.0000001	0.0000006	0.0000005	
	Lost day rate (LDR)	Rate	0.0004	0.0003	0.0001	0.0002	0.0001	
	Female	Rate	0.0002	0.0002	0.0001	0.000004	0.000009	
	Male	Rate	0.0004	0.0004	0.0001	0.0002	0.0002	
	Absentee rate (AR)	%	7.5%	7.7%	7.9%	6.3%	6.3%	
	Female	%	10.5%	10.8%	11.6%	8.2%	8.2%	
	Male	%	6.2%	6.3%	6.2%	5.5%	5.4%	
	Work-related fatalities	Number						
	Female	Number	0	0	0	0	0	
	Male	Number	0	0	0	0	0	
S4.2	Injury rate (IR) and work-related fatalities for all workers (excluding employees) whose work, or workplace, is controlled by Proximus Group							
		Number						
	Injury rate	Number	3	2	28	15	10	
	Work-related fatalities	Number	0	0	0	0	0	

Definitions

- **Injury rate (IR):** frequency of injuries, relative to the total time worked by all workers during the reporting period. Calculation: number of injuries in Proximus Group/total number of hours scheduled to be worked by Proximus Group employees.
- **Occupational disease rate (ODR):** frequency of occupational diseases (disease arising from a work situation or activity, or from a work-related injury) relative to the total time worked by all workers during the reporting period. Calculation: number of occupational diseases/total number of hours scheduled to be worked by Proximus Group employees.
- **Lost day rate (LDR):** impact of occupational diseases and accidents as reflected in time off work taken by the affected workers. A lost day is defined as time ("days") that cannot be worked (and are thus "lost") because of a worker or workers being unable to perform their usual tasks due of an occupational disease or accident. Calculation: total number of lost days (due to occupational disease or accident)/total number of hours scheduled to be worked by Proximus Group employees.
- **Absentee rate (AR):** measure of actual absentee days lost, expressed as the number of sick days divided by the number of theoretical working days, considering, by definition, the scheduled working hours of the person. An absentee is an employee who is absent from work because of taking a sick day (with or without attestation), excluding work accidents and pregnancy. Calculation example for female employees: (sum of all sick days registered amongst female employees/ sum of all the theoretical working days amongst female employees) *100.

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Notes

S4.1 and S4.2: The absentee rate in 2021 is comparable to that of 2020. Early March 2020, Proximus took strict measures to manage the COVID-19 pandemic. In 2021, we continued to strictly apply the safety and health guidelines.

Our fast and decisive approach limited the illnesses during the peak of the yearly flu epidemic and the illnesses due to COVID-19. Strict compliance to the guidelines was also likely to have an impact on the low short-term illness rates observed in 2021.

We observed a decrease of the injury rate in 2021 compared with the previous year. The frequency of diseases arising from a work situation or activity, or from a work-related injury, has never been any lower.

The department for Prevention and Protection (CPP) is the driving force behind Proximus' well-being activities. It defines a common well-being policy and gives advice on all issues surrounding this topic. All products, goods and services at Proximus need to meet the "well-being at work" standards.

The Well-being Committee deals with the elaboration and follow-up of the prevention and protection plans and handles aspects such as risk analysis of workplaces, medical surveillance, personal protective equipment, fire safety measures to protect workers and the evaluation and resolution of psychological risks and issues.

Additionally, local well-being committees discuss topics such as accidents at work, local prevention matters or respect of safety instructions.

The **Prevention & Protection measures related to the COVID-19** pandemic outbreak implemented in 2020 are still in place (safety protocols, set up a 0800 hotline and mailbox as well as implemented prevention and protection measures (plexiglass walls, reinforced ventilation, face masks, alcohol-based gel and face shields)) to enable our workers and employees to work safely within the Proximus facilities.

In June, we set up a "welcome back office" program in the frame of our "Connect project" to let people come back to the office on voluntary base: welcome back breakfast, information sessions concerning hybrid working, information & tools for team leaders, COVID-19 psychosocial support (work smarter charter, webinar regarding stress detection, Team Connect kit).

We have an occupational **medical surveillance program** for workers who are exposed to occupational risks. This program was adapted according to corona rules (most medical checks were done by phone).

In 2021, we implemented **our Global Prevention Plan** by conducting a risk analysis, taking the necessary prevention and protection measures to reduce work-related accidents, as well as communicating safety instructions to employees and the VCO/VCA rules for operational departments. We also conducted a risk analysis on installation work of fiber conductors, a risk analysis update of work in confined spaces, a psychosocial analysis of different departments, a fire safety analysis of different buildings and installations, update of the risk profiles of workers submitted to medical surveillance, update of the process of certification of training of our contractors. In addition, we organized training on firefighting and BA4/BA5 training for working safely on electrical installations.

Over the next years, we intend to continue to implement the VCA/VCO policies. We will also review our policy on ergonomics and analyse the risks related to the use of different equipment such as our new (digital) working equipment and telecom installations and determine appropriate prevention and protection measures. In addition, we will continue to organize safety trainings using digital technology and elaborate a work smarter charter. We will also further analyse the safety aspects of charging of our electrical vehicles.

S5: Responsible marketing

S5	Responsible marketing	Unit	2017	2018	2019	2020	2021	✓*
S5.1	Number of complaints from JEP (# of which justified)	Number (Number)	5 (0)	7 (2)	2 (1)	1 (0)	2 (0)	

Definitions

- **Responsible marketing:** applying responsible & ethical methods in marketing campaigns. These include transparency about promo costs and conditions, respect for the customer's debt profile/ credit situation, proactive guidance towards the best offer for the customer, commitment to a better environment and striving for more digital versions to reduce the use of natural resources.
- **JEP:** the Jury on Ethical Practices in Advertising is an independent self-regulatory body for advertising in Belgium, responsible for ensuring fair, truthful and socially responsible advertising. Any consumer can submit a complaint to JEP.

Note

Proximus pays particular attention to responsible marketing practices and complies with the rules prohibiting the advertising of mobile phones to children under 7.

Proximus actively protects their mobile post-paid customers from bill shocks. With Mobilus Full Control, customers can control their budget. With our new Flex packs with mobile, customers can surf out of bundle at no extra cost, only with a reduced speed. On the MyProximus app, mobile post-paid customers can keep track of their usage on calls, text messages and data. We also send them alerts about their current in-bundle and out- of bundle usage, and we inform them of the possibility to buy additional one-shot data bundles or a data boost when reaching the end of the bundle. In addition, we proactively contact customers with regular out-of-bundle usage to suggest better tailored plans.

In July 2021, Proximus launched a new offer for roaming outside the EU for all its customers. With the Daily Roaming Pass, all residential customers and small businesses will be able to use their mobile subscription outside the EU for a fixed fee per day just like they would do at home. We have maintained an invoice limit to avoid unpleasant surprises. To ensure that the customer does not run out of service, we continue to provide the service even if the customer exceeds the limit.

Next to this, Proximus continued to improve the legibility and transparency of their invoices. In September 2021, we launched the new Proximus digital bill. Currently available MyProximus app, residential customers can easily navigate and understand the details of their invoice. It includes including an intuitive overview of the expense's evolution over the last 6 months. The MyProximus web version is expected in the first quarter of 2022

Finally, we have also introduced and promoted refurbished devices in our joint back-to-school offerings to guide customers in making environmentally conscious choices.

S5.1: We received two complaints from the Jury on Ethical Practices which was not justified, which remains notably low, as it has been for the past two years. The referenced complaints concern only Proximus SA advertisements.

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S6: Digital inclusion

S6	Digital inclusion	Unit	2017	2018	2019	2020	2021	✓*
Community investment								
S6.1	Community investment	€	N.A.	N.A.	N.A.	N.A.	436,191	
S6.2	Community investment	Hours	N.A.	N.A.	N.A.	N.A.	2,961	
Access to digital								
	Donated laptops	Numbers	N.A.	N.A.	N.A.	N.A.	445	
	Donated Wi-Fi codes	Numbers	N.A.	N.A.	N.A.	24,693	2,581	
Digital education								
	Total number of people trained through digital inclusion projects	Numbers	N.A.	N.A.	12,524	10,400	14,144	
S6.3 Digital accessibility								
	Tested devices accessible for at least 5 disability categories (percentage of devices)	%	N.A.	N.A.	44%	73%	55%	✓

Definitions

- **Community investment - in monetary value:** monetary investment we make in social organizations with a focus on digital inclusion.
- **Community investment - in employee/volunteer hours:** hours of employee volunteering in digital inclusion initiatives.
- **Donated laptops:** number of computers offered to DigitalForYouth and to schools collecting old smartphones.
- **Donated Wi-Fi codes:** number of free access codes to our Proximus Public Wi-Fi network offered to disadvantaged pupils and students during COVID-19 period, allowing them to connect with schools when they were closed.
- **Digital inclusion projects (# persons reached):** number of people (students, teachers, seniors) trained by the initiatives we support (MolenGeek, 19, Technobel, diggit, Internet Safe & Fun).
- **Tested devices accessible for at least 5 categories of disability:** number of tested smartphones and tablets that are accessible for disabled people (6 categories of disability in total are tested by Proximus).

Note(s)

- **S6.1:** We invest € 436,191 in digital inclusion projects for job seekers (MolenGeek, 19 and Technobel), children (Internet Safe & Fun together with Child Focus), long-term sick children (Bednet and ClassContact), seniors (diggit) and disabled people (Passe Muraille), and in the Digital Inclusion Alliance, DigitAll.
- **S6.2:** Our employees spent 2,961 hours in digital inclusion initiatives as volunteers in the Internet Safe & Fun project, as General Manager of Technobel and to install internet lines for long-term sick children.
- **S6.3:** The decrease in 2021 compared to 2020 is due to the fact that we have included less accessible devices from new suppliers in our offer.

More information on these initiatives can be found in the "Act for a green and digital society" strategic pillar (p.57).

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Environmental statement

General note to the environmental statement

The environmental statement describes the key indicators, scoping, boundaries, calculation methodologies and reporting standards for all environment domains. The indicators marked by a tick mark are subject to a limited external assurance audit by Deloitte.

Scope of the environmental statement

We measure all activities that are subject to operational control and material for the Proximus Group. These include Proximus SA, Proximus Media House SA, BICS SA, Connectimmo SA, Scarlet Belgium SA, Proximus ICT SA, Telindus – ISIT BV, Proximus Luxembourg SA and Be Mobile SA. All figures reported are Proximus Group based except when mentioned differently.

E1: Energy

E1	Energy	Unit	2017	2018	2019	2020	2021	✓*
	Total energy consumption within the organization	TJ	1,967	1,876	1,808	1,652	1,571	✓
	Evolution total energy consumption (vs previous year)	%	-1%	-5%	-4%	-9%	-5%	
	Evolution total energy consumption (vs 2015)	%	-5%	-9%	-12%	-20%	-24%	
	Evolution total energy consumption (vs 2007)	%	-22%	-26%	-29%	-35%	-38%	
	Total fuel consumption within the organization from non-renewable sources	TJ	575	552	525	384	391	✓
E1.1	Heating: Natural gas	TJ	101	101	105	62	73	✓
E1.2	Heating: Heating oil	TJ	63	50	35	46	25	✓
	Vehicle fleet: Diesel	TJ	409	398	373	262	259	✓
E1.3	Vehicle fleet: Petrol	TJ	1	4	12	15	30	✓
	Vehicle fleet: CNG	TJ	/	/	/	/	4	✓
	Total fuel consumption within the organization from renewable sources	TJ	0	0	0	0	0	
	Heating, cooling or steam consumption	TJ	0	0	0	0	0	
	Electricity, heating, cooling or steam sold	TJ	0	0	0	0	0	
	Electricity consumption within the organization	TJ	1,392	1,323	1,283	1,267	1,180	✓
	Electricity consumption within the organization in GWh	GWh	387	368	357	352	328	
	Evolution electricity consumption (vs previous year)	%	-1%	-5%	-3%	-1%	-7%	
	Evolution electricity consumption (vs 2015)	%	-4%	-8%	-11%	-12%	-18%	
	Evolution electricity consumption (vs 2007)	%	-17%	-21%	-23%	-24%	-29%	
	Fixed and mobile network	GWh	285	269	268	272	251	
	Data Centers	GWh	56	55	53	51	53	
E1.4	Offices + Shops	GWh	45	43	36	28	24	
	% electricity consumed from renewable sources with GoO or own production (RE100 Belgium/Group)	%	100/98	100/99	100/100	100/100	100/100	

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E1	Energy	Unit	2017	2018	2019	2020	2021	✓*
	Energy efficiency ratio (revenue based)	TJ/Mio €	0.339	0.322	0.317	0.290	0.280	✓
	Energy efficiency ratio (FTE based)	TJ/FTE	0.147	0.140	0.140	0.140	0.136	✓
E1.5	Energy savings network	TJ	137	47	40	29	22	
	PUE data centers	Ratio	1.63	1.65	1.60	1.56	1.49	
	Evolution average energy consumption customer TV-decoders vs 2014	%	-33%	-41%	-50%	-54%	-58%	

Definitions

- **TJ:** Terajoule is a unit of energy.
- **Heating: natural gas:** Calculation based on suppliers' billing data based on gas meter readings.
- **Heating oil:** Calculation based on suppliers' billing data based on oil tank refills.
- **Electricity consumption within the organization:** Calculation based on the Proximus energy management system GENY (Belgian activities) and the invoices of energy suppliers from 2021.
- **GoO:** A Guarantee of Origin is a tracking instrument and labels electricity from renewable sources to provide information to electricity customers on the source of their energy.
- **RE100:** RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.
- **FTE: Number of** Full Time Equivalent employees.
- **Energy savings network:** Calculation based on actions undertaken during the reporting period calculated over a window of 12 months. The savings projects were implemented during the reporting year, hence the results only become material in the current and following reporting year, but the order of magnitude remains comparable on a year-by-year basis. The infrastructure savings are calculated based on the directly measured electricity consumption and an estimated indirect consumption such as for cooling before and after the savings.
- **PUE:** Power Usage Effectiveness, a ratio describing how efficiently a data center uses energy, focusing on how much the computing equipment uses compared to the cooling and other overhead that occurs.
- **Evolution average energy consumption customer TV-decoders vs 2014:** The baseline for the calculation of savings related to the electricity consumption of TV decoders installed at customer premises is based upon the formula described in the EU Code of Conduct for digital TV services, the technical consumption data provided by the vendors and the installed base devices by type at customer premises. We hit our target to halve the average energy consumption in 2019 and are still working to get the consumption to the lowest amount possible by adjusting our devices and their efficiency and by replacing the oldest decoders.

Notes

- **E1.1:** According to the Synergrid degree days, in 2021 it was 22% colder than in 2020 in Belgium, which resulted in a 17% increase in natural gas consumption.
- **E1.2:** Replenishment of heating fuel depends heavily on the average outdoor temperature of the preceding period and the need for fuel for the emergency generators. According to the Synergrid degree days, heating needs in 2020 were 22% lower which led to greater fuel reserves in 2021. Additionally, there was an impact due to COVID-19 measures. All of this led to a significant decrease of 45% in 2021.
- **E1.3:** Proximus has an increasing number of PHEVs (Plug-in Hybrid Electric Vehicle) with a petrol engine in replacement of diesel vehicles.
- **E1.4:** The electricity consumption has decreased due to COVID-19 mandatory home working, less cooling demand in the summer and multiple energy efficiency measures.
- **E1.5:** The 2020 figure changed, from 7 TJ to 29 TJ, due to a delay in the calculations for the 2020 annual report.

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E2: Emissions

E2	Emissions	Unit	2017	2018	2019	2020	2021	✓*
	CO₂e emissions scope 1, 2 and 3	KTons	811.6	847.7	779.3	463.8	459.4	✓
	<i>Evolution CO₂e emissions scope 1, 2 and 3 (vs previous year)</i>	%	6%	4%	-8%	-40%	-1%	
	<i>Evolution CO₂e emissions scope 1, 2 and 3 (vs 2015 baseline)</i>	%	8%	12%	3%	-39%	-39%	
	CO ₂ e emissions scope 1 and scope 2 market based	KTons	46.5	39.0	36.9	27.4	26.6	✓
	Evolution CO ₂ e emissions scope 1 and 2 (vs previous year)	%	-4%	-16%	-5%	-26%	-3%	
	Evolution CO ₂ e emissions scope 1 and 2 (vs 2015 baseline) - Science Based Target WB2C	%	-8%	-22%	-27%	-45%	-47%	
	Evolution CO ₂ e emissions scope 1 and 2 (vs 2007 baseline)	%	-72%	-78%	-79%	-83%	-84%	
	CO ₂ e emissions compensated by carbon credits (scope 1 and 2)	KTons	47.9	42.2	40.1	27.4	26.6	
	Carbon intensity (scope 1 and 2)	Tons CO ₂ e/Mio € revenue	8.0	6.7	6.5	4.8	4.8	
	Carbon intensity (scope 1 and 2)	Tons CO ₂ e/#FTEs	3.5	2.9	2.9	2.4	2.3	
	CO ₂ e emissions scope 1 - heating, refrigerants and fleet fuel	KTons	43.9	38.0	36.0	26.6	26.6	✓
E2.1	CO ₂ e emissions scope 1 - heating	KTons	11.0	10.0	9.2	7.2	6.4	✓
	CO ₂ e emissions scope 1 - refrigerants	KTons	4.6	0.3	0.3	0.3	0.2	✓
	CO ₂ e emissions scope 1 - fleet fuel	KTons	28.3	27.7	26.5	19.1	20.1	✓
E2.2	CO ₂ e emissions scope 2 - electricity - market based method	KTons	2.6	1.0	0.9	0.8	0	✓
E2.3	CO ₂ e emissions scope 2 - electricity - location based method	KTons	68.4	65.0	62.5	70.4	52.2	
	CO ₂ e emissions scope 3 - 11 relevant categories	KTons	765.1	808.7	742.4	436.4	432.8	✓
	Evolution CO ₂ e emissions scope 3 (vs 2014 baseline) - Science Based Target WB2C	%	0%	5%	-3%	-43%	-44%	
E2.4	Scope 3 - category 1 - purchased goods and services - Belgium	KTons	481.0	540.0	460.4	348.7	339.5	✓
E2.5	Scope 3 - category 2 - capital goods - Belgium	KTons	176.5	184.5	199.8	0	0	✓
E2.6	Scope 3 - category 3 - fuel and energy related activities (not in scope 1 and 2) - Group	KTons	9.3	8.9	9.3	8.7	8.9	✓
E2.7	Scope 3 - category 4 - upstream transportation and distribution - Belgium	KTons	4.4	3.6	2.9	2.8	3.2	✓
	Scope 3 - category 5 - waste disposal - Belgium	KTons	0.9	1.0	1.0	0.6	0.5	✓
E2.8	Scope 3 - category 6 - business travel - Belgium	KTons	1.4	1.3	1.8	1.4	0.3	✓
E2.9	Scope 3 - category 7 - employee commuting incl. homeworking - Belgium	KTons	5.1	5.2	5.4	4.9	7.7	✓

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E2	Emissions	Unit	2017	2018	2019	2020	2021	✓*
E2.10	Scope 3 – category 9 - downstream transportation and distribution - Belgium	KTons	/	/	/	/	0.7	✓
E2.11	Scope 3 – category 11 - use of sold products - Belgium	KTons	5.7	4.6	4.5	13.4	19.8	✓
E2.12	Scope 3 – category 12 - end of life treatment of sold products - Belgium	KTons	/	/	/	/	0	✓
E2.13	Scope 3 – category 13 - downstream leased assets - Belgium	KTons	80.7	59.7	57.4	55.9	52.1	✓
	Scope 3 – category 8, 10, 14, 15 - not applicable	KTons						

Definitions

- **CO₂e emissions scope 1+2+3:** The CO₂e consumption represents a CO₂ equivalent emission figure of all greenhouse gases combined, i.e., CO₂, CH₄, N₂O, HFCs, PFCs, SF₆. The gases of primary interest for Proximus are CO₂ and HFCs, but CH₄ and N₂O are also included in the calculation as stipulated by the GHG Protocol. Since many years we adopt the principle of best available data quality.
- **Science Based Target:** Science-based targets provide a clearly defined pathway for companies to reduce Greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to Well-Below 2°C (WB2C) above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Recently, the Intergovernmental Panel on Climate Change warned that global warming must not exceed 1.5°C to avoid the catastrophic impacts of climate change and that GHG emissions must halve by 2030 and drop to zero by 2050.

We track our carbon emissions against the approved Science Based Target (Well Below 2°C) we set in 2016 and reached the scope 1+2 target and intermediate target already in 2020.

- Scope 1+2: Our target was -30% reduction for our scope 1 and 2 emissions by 2025 compared to 2015.
- Scope 3: Our target was an intermediate of -10% by 2025 and -50% by 2040 compared to 2014.

In 2021, we committed to SBT 1.5°C and set a net Zero target by 2040, in line with the new SBTi Corporate Net-Zero Standard published in October 2021.

- **Carbon credits:** We have a Carbon Neutral Company label for our own Group operations being car fleet, electricity, heating and refrigerants (scopes 1 and 2), by offsetting what we cannot reduce yet. Proximus is the main driving force behind the development of the multiannual "Gold Standard" certified climate project called the TEG Stove project (More info: www.tegstove.org). We also support some other projects contributing to several Sustainable Development Goals. Together with our Gold Standard partners, we are carbon neutral.

Notes

- **E2.1:** According to the Synergrid degree days, in 2021 it was 22% colder than in 2020 in Belgium, which resulted in a 17% increase in natural gas consumption.
- **E2.2:** 2021 is the first reporting year with zero emissions from 100% renewable energy sources.
- **E2.3:** The carbon emissions calculated using the location-based method decreased by 26% due to energy-savings measures and a lower carbon emission factor in Belgium, The Netherlands and Luxembourg, where Proximus' main activities take place.
- **E2.4:** The data source has changed and improved using SAP extraction (invoiced amounts). New commodity codes (UNSPC

categories 2022) have been revised and the carbon emission factors have been reviewed and applied according to the new commodity codes. The calculations have been updated retroactively for 2020.

- **E2.5:** The carbon emissions of Purchased goods and services and Capital Goods are calculated through the same methodology starting from the yearly procurement spend. It was not possible to split the CAPEX from the OPEX spend in a qualitative way so the carbon emissions from Capital Goods are included in cat.1. The calculations have been updated retroactively for 2020.

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- **E2.6:** The former embedded carbon emissions from homeworking and outsourced warehouse in the period 2017-2021 shifted to cat. 7 and cat. 4 respectively in line with the GHG Protocol guidance.
- **E2.7:** The carbon emissions increased because more work was carried out by subcontractors, resulting in a higher fuel consumption.
- **E2.8:** The number of business trips dropped significantly due to COVID-19 measures.
- **E2.9:** The carbon emissions have increased significantly, however it is difficult to make a comparison with previous years due to the different COVID-19 situations. Although not required by the GHG Protocol, Proximus deliberately chooses to include the estimated additional emissions resulting from home-based work (e.g. additional heating and desktop use) in its reporting. Whilst the emissions in category 3.7 increase, this increase is largely compensated for in the scope 1 emissions, as the emissions from company cars have decreased drastically compared to the period before the home working policy was introduced.
- **E2.10:** 2021 is the first reporting year with a measurement in this category.
- **E2.11:** We added the Wi-Fi Booster as a new device in 2020 and 2021, next to mobile phones, resulting in the significant increase compared to 2019.
- **E2.12:** 2021 is the first reporting year with a measurement in this category, however it is clear that the impact of this category with 14.2 Ton CO₂e is not material. Main reason is the limited weight of the smartphones and Wi-Fi Boosters.
- **E2.13:** This is the first year we report this category in line with the GHG Protocol Guidance. The use of modems and TV decoders was previously reported in cat. 11.

Overview of our Scope 1, 2 and 3 standards

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/% vs Group total	Climate neutrality/renewable energy	GWP	Source emission factors	External audit assurance level
Scope 1 – Direct emissions						
Car fleet fuel	High	Proximus Group/ 100%	100% carbon credits – Gold Standard	AR5 IPCC	Base Carbone + Bilan Carbone	Limited
Heating of building installations	High	Proximus Group/ 100%	100% carbon credits – Gold Standard	AR5 IPCC	Gas: GHG protocol heating fuel: Base Carbone + Bilan Carbone	Limited
Cooling of building installations-refrigerants	High	Proximus Group/ 100%	100% carbon credits – Gold Standard	AR5 IPCC	Bilan Carbone	Limited
Scope 2 – Indirect emissions						
Emissions released during the generation of electricity that is purchased by the company. This includes also EV charging.	High	Proximus Group/ 100%	Renewable energy sources: 100%	AR5 IPCC	IEA (CO ₂ emissions from fuel combustion – highlights) - 2021	Limited
Scope 3 – Cat. 1						
Resource extraction, transportation and production of purchased goods and services	Medium	Proximus in Belgium/ 95%	None	AR5 IPCC	LCA based (customer products), Bilan Carbone, IEA, Carnegie emission factors	Limited
Scope 3 – Cat. 2						
Capital goods	Medium	Proximus in Belgium/ 95%	None	AR5 IPCC	Carnegie emission factors, IEA, LCA based	Limited

Scope (GHG Protocol) + activity	Possible impact from Proximus	Scope/ % vs Group total	Climate neutrality/ renewable energy	GWP	Source emission factors	External audit assurance level
Scope 3 - Cat. 3						
Extraction, production and transportation of direct fuels and electricity purchased by the Proximus Group, non-reported in scopes 1 and 2. Network losses, among others, are included in transportation	High	Proximus Group/ 100%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 4						
Transportation of subcontractors for network operations, subcontracted warehousing	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan Carbone EEIO model (other subcontractors fall within Cat.1)	Limited
Scope 3 - Cat. 5						
Treatment of waste flows	Medium	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan Carbone	Limited
Scope 3 - Cat. 6						
International travel by airplane or train	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	Official figures of travel agency - Defra	Limited
Scope 3 - Cat. 7						
Employee commuting. Homeworking. Company cars are accounted for in scope 1	High	Proximus Group 98%	None	AR5 IPCC	Bilan Carbone	Limited
Scope 3 - Cat. 9						
Outbound transportation from the warehouse to customers and shops	Low	Proximus in Belgium/ 98%	None	AR5 IPCC	Vendor based	Limited
Scope 3 - Cat. 11						
Energy consumption of customers' Proximus devices (sold mobile phones and Wi-Fi boosters)	High	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 12						
End of life treatment of mobile phones and Wi-Fi Boosters	Low	Proximus in Belgium/ 98%	None	AR5 IPCC	Bilan Carbone	Limited
Scope 3 - Cat. 13						
Energy consumption of customers' Proximus devices (leased modems and TV decoders)	Medium	Proximus in Belgium/ 98%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 15						
Investments: included in cat.2	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	Limited
Scope 3 - Cat. 8, 10, 14						
N.A.	N.A.	N.A.	N.A.	AR5 IPCC	N.A.	N.A.

E3: Abatement of Carbon Emissions through our products & services

E3	Carbon Abatement	Unit	2017	2018	2019	2020	2021 ✓*
	Total	KTon CO₂e	/	/	/	465.19	501.86
	Broadband enabled homeworking	KTon CO ₂ e	/	/	/	372.53	382.18
	Dematerialization & device leasing	KTon CO ₂ e	/	/	/	41.19	63.20
	Online conferencing & collaboration	KTon CO ₂ e	/	/	/	32.89	36.57
	Cloud & IP communication	KTon CO ₂ e	/	/	/	1.33	1.46
	Proximus & public cloud	KTon CO ₂ e	/	/	/	3.93	4.04
	Vehicle & traffic management	KTon CO ₂ e	/	/	/	7.40	8.69
	Smart building & metering	KTon CO ₂ e	/	/	/	5.92	5.72

Definitions

- **Carbon abatement:** We chose to calculate the avoided emissions we can account for based on our products and solutions direct margin. The following elements have been considered in the calculation:
 - The volume of products and solutions sold
 - The contribution of our solution or product to the carbon abatement
 - The amount of CO₂ emissions the product or solution itself generates
 - The direct margins on our products or solutions.
- **Dematerialization:** suppressing the use of physical material by for example offering a digital alternative.
- **IP:** The Internet Protocol is a family of computer network communication protocols designed for use on the Internet.
- **Smart building & metering:** The IoT (Internet of Things) solution embody intelligence in buildings in order to consume energy and space more efficiently. IoT solutions will also help to monitor how rooms are used and to adjust their function whenever possible.

*External audit

E4: Circularity

E4	Circularity	Unit	2017	2018	2019	2020	2021	✓*
E4.1	Total waste - Belgium	KTons	11.80	14.70	13.60	10.78	8.70	✓
	% of hazardous waste - Belgium	%	4.30%	4.00%	8.70%	5.40%	3.48%	✓
E4.2	% waste reused/recycled - Belgium	%	85%	87%	87%	88%	89%	✓
	Non-hazardous waste - recycled or reused - Belgium	KTons	9.60	12.20	10.60	8.82	7.45	✓
	Recycled copper cables - Belgium	KTons	/	/	/	/	0.86	✓
	Non-hazardous waste - with energy recovery - Belgium	KTons	1.70	2.00	1.80	1.32	0.95	✓
E4.3	Hazardous waste - recycled or recovered - Belgium	KTons	0.50	0.60	1.20	0.57	0.30	✓
E4.4	Paper consumption - Belgium	KTons	1.29	0.97	0.65	0.59	0.38	
E4.5	Water consumption - Belgium	'OOOL	124,611	146,599	109,392	87,551	77,823	
E4.6	Total collected devices (including DTMC) - Belgium and Proximus Luxembourg	Number	/	/	/	/	906,832	✓
	Total DMTC Mobile phones collected	Number	18,493	18,279	31,475	72,764	80,044	✓
	Mobile phones collected in Proximus SA and Proximus Luxembourg for reuse and recycling	Number	4,493	9,237	19,255	64,941	70,830	✓
	Mobiles phones collected in schools with GoodPlanet Belgium for reuse and recycling	Number	14,000	9,042	12,220	7,823	9,576	✓
	Number of refurbished computers offered to schools as reward for mobile phone recycling - Belgium	Number	250	156	189	239	432	
E4.7	Number of refurbished modems - Belgium	Number	122,397	182,553	140,000	164,340	178,520	✓
E4.7	Number of refurbished modems/number of new installed modems - Belgium	%	24%	32%	26%	32%	28%	
E4.7	Number of refurbished TV decoders - Belgium	Number	199,797	222,991	196,000	245,136	314,407	✓
E4.7	Number of refurbished TV decoders/number of new installed TV decoders - Belgium	%	56%	44%	39%	41%	51%	
	Number of refurbished remotes - Belgium	Number	/	/	/	/	8,348	✓
	Number of refurbished PSU's - Belgium	Number	/	/	/	/	231,357	✓
	Number of refurbished Wi-Fi boosters - Belgium	Number	/	/	/	/	78,400	✓
	Number of refurbished PABX - Belgium	Number	/	/	/	/	9,250	✓
	Number of refurbished network equipment - Belgium	Number	/	/	/	/	6,506	✓

*External audit

Definitions

- **Waste calculation:** Monthly bills and certificates of waste processors are combined into a single annual report, which is then updated with additional information received from the waste processors:
 - The weights of the subscriptions and the individually measured weights of the waste collections.
 - Distinction between hazardous and non-hazardous waste.
 - Processing methods such as composting, recycling, reprocessing, reuse or residual waste with energy recovery
- **DMTC:** Our mobile phone collection program, "Don't Miss The Call".
- **PSU's:** Power supply units are the power cables of the devices we recover.
- **PABX:** Private automatic branch exchange, is a private telephone switchboard. This is a telephone switchboard used privately by a company.

Notes

- **E4.1:** Decline in waste due to switch from average weights, after sorting out by the waste processor, to real weights, before sorting out by the waste processor. As last year, this weight includes the weights of the refurbished modems and decoders.
- **E4.2:** In 2019 we have set the ambition to become a truly circular company, we want to reach 90% waste reused or recycled by 2025 and to reach zero waste by 2030. We are well on our way to achieving this goal as we already recycle or reuse 89% of our waste.
- **E4.3:** 98% of the hazardous waste is battery related.
- **E4.4:** The reduction in paper consumption is driven by three factors: less paper used on office printers, door-to-door advertising was replaced by inserts in daily press and there was a switch to electronic invoicing versus paper ones.
- **E4.5:** "Water consumption - Belgium" is measured based on periodic bills.
- **E4.6:** In 2021, five categories of refurbished devices were added: remotes, PSU's, Wi-Fi boosters, PABX and network equipment. The DMTC project was still impacted by COVID-19 due to collection limitations in schools, shops, and corporate business. There are fluctuations in the numbers of refurbished devices, driven by decisions to phase out old equipment.
- **E4.7:** Corrections of the 2020 figures, for modems from 171,204 to 164,340 and for decoders from 256,907 to 245,136, to align a difference in accounting between 2020 and 2021. This has a small influence on the total waste figures as well.

E5: Supply Chain

E5	Supply Chain	Unit	2017	2018	2019	2020	2021	✓*
	% of the total spend covered by supplier Ecovadis sustainability scorecards - Proximus SA	%	40%	40%	32%	55%	56%	
E5.1	Number of on-site audits in collaboration with JAC	Number	89	91	84	80	71	
E5.2	Circular Manifesto's signed	Number	/	/	/	21	53	
E5.2	Procurement controlled spend covered by Circular Manifesto's - Proximus SA	%	/	/	/	/	50%	

Definitions

- **JAC:** Joint Audit Co-operation, an association of telecom operators aiming to verify, assess and develop the CSR (Corporate Social Responsibility) implementation across the manufacturing centers of the most important ICT multinational suppliers.
- **Circular Manifesto:** is a public letter of intent aligning the sustainable goals of the supplier with the ones of Proximus.

Notes

- **E5.1:** Decline in audit numbers is due to COVID-19 measures.
- **E.5.2:** Increase due to Proximus' efforts to engage more suppliers in this process.

*External audit

E6: Environmental management system

Proximus' environmental management system is made up of different components. There are different parties involved and the system has a variety of tools and resources.

Stakeholders

- The Sustainability department, with a strong focus on environmental issues, circularity and climate change
- The Corporate Prevention & Protection department, including the Environmental department
- The Internal Audit department reports to the Board of Directors and carries out audits on all kinds of environmental aspects at the request of the Environment or Sustainability departments, the Board of Directors, or the Executive Committee
- Government-accredited independent external organizations, which audit our waste policy and procedures (packaging, WEEE, batteries).

Resources and activities

- Procedures, guidelines, plans and campaigns related to environmental issues (e.g. surveys and info sessions for employees to improve our mobility policy),
- New packaging waste prevention plan 2019-2022 for the Interregional Packaging Commission and awareness campaigns on waste recycling,
- Anti-pollution plan in the event of severe air pollution in the Brussels Region,
- Environmental policy updated,
- Field visits concerning environmental issues such as hazardous products, waste and control of permit,
- Communication channels: intranet news, toolboxes, internal reporting to the Executive Committee,
- Integrated management system, ISO9001 certificate,
- Environmental and sustainability clauses in purchasing procedures,
- Regional permits for light 5G roll-out in Flanders and Brussels,
- Noise studies and control measurements to ensure compliance with noise standards and limit disturbance for neighbours,
- Soil survey for high-risk installations,
- E-learning module on the impact of mobile and wireless telephony on the health of employees,
- ISO14001 in preparation,
- Completion of a very large soil sanitation project in Ostend, where there used to be a creosote factory for wooden poles for electricity and telecom cabling (not operated by Proximus). The dossier was approved by the regional environmental authorities (OVAM). The site can now be abandoned and sold.

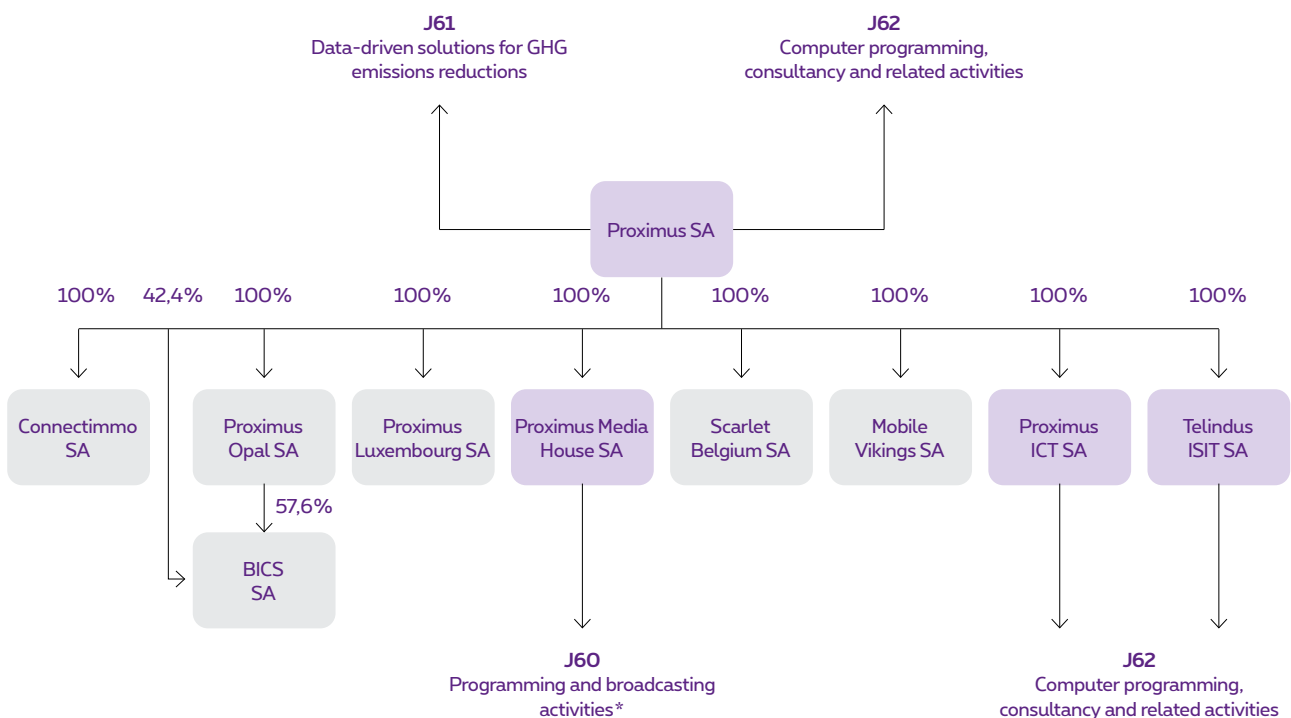
EU Taxonomy

The EU taxonomy is, currently, a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. This year, the EU taxonomy criteria only define activities that substantially contribute to fighting climate change.

Proximus intends to align with the EU taxonomy and therefore this year already discloses the eligibility of its economic activities, these are activities of Proximus that could be assessed on their sustainability under the EU taxonomy regulation.

Proximus Group's economic activities were evaluated based on the EU Taxonomy Regulation and Delegated Acts. The economic

activities for the sector "Information and communication" with NACE codes J60, J61, J62 and J63 were assessed, as described within Annex I & II of the Climate Delegated Act. Firstly, a NACE code screening has been performed of the following subsidiaries, of which Proximus owns 100% of the shares. Secondly, these activities were checked against the definitions of the economic activities within the EU taxonomy regulations. Thirdly, these activities were matched with the corresponding financial information. The outcome is that Proximus SA, Proximus Media House SA, Proximus ICT SA and Telindus ISIT SA have economic activities that are assessed as eligible, as shown in the organigram below:

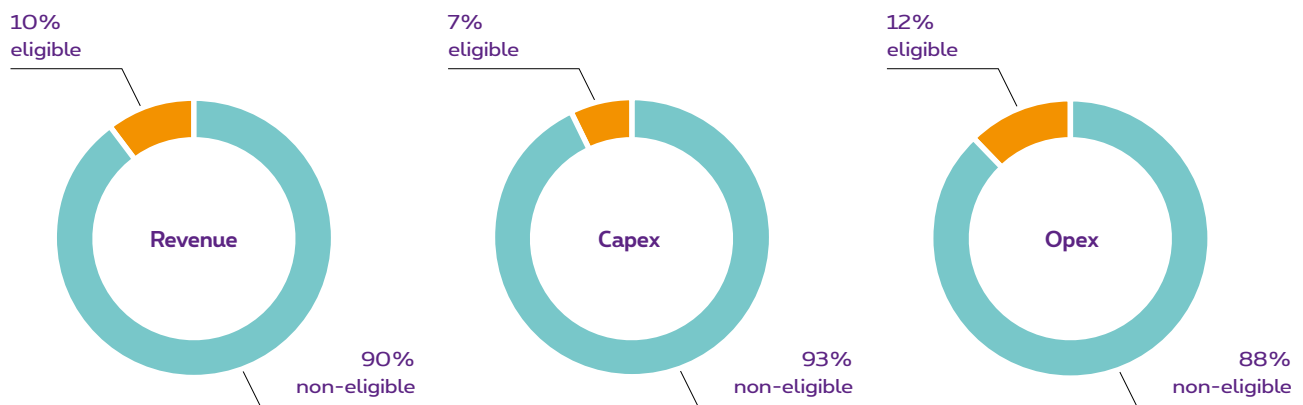


Other economic activities are 'Non-eligible', because there 1) currently are no technical screening criteria for certain core business activities, such as network 2) the efforts needed for the

assessment of the activity were not defensible: the resources needed for the assessment would not outweigh the benefits of reporting the activity as taxonomy eligible (in terms of materiality).

* It was not feasible in 2021 to match this activity, as described in EU taxonomy, with the financial information.

Assessment on a NACE code basis only of eligibility with EU taxonomy (excluding Proximus Media House SA) results into the following numbers for the Proximus Group in 2021:



The eligible % correspond mainly with the enterprise ICT services of Proximus Group. The end result is a rather high % of non-eligible activities. Activities that are non-eligible means these activities are currently not covered under the system of EU taxonomy. That does not disclose any information on alignment or the sustainability of economic activities according to the EU taxonomy system. Activities that are outside the scope of EU taxonomy, can still be sustainable. Proximus published a Sustainable Finance Framework this year with the goal to channel its investments to projects that have demonstrated climate and

social benefits. The majority of future Capex will be invested into sustainable projects. The sustainability criteria that are set and applied by Proximus can be consulted here [→](#). Proximus is embedding sustainability into all business decisions, see from page 57.

In the future we will further integrate EU taxonomy in our reporting and refine the scope of the assessment. In 2022, we intend to include our network and the sustainability benefits of our business activities into our EU taxonomy disclosure.

Table of Task Force on Climate-Related Financial Disclosures (TCFD)

As climate change is becoming increasingly important, in 2021, we started implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), an international framework to financially assess climate risk and opportunities.

It is the first year we are reporting according to the TCFD, more efforts will be allocated to the further integration of TCFD recommendations in the coming years.

Governance

Disclose the company's governance around climate-related risks and opportunities.

Recommendations	References
a Describe the Board's oversight of climate-related risks and opportunities.	- Corporate governance statement, p.83-105 - Sustainability governance, p.87-88 - Risk management report, p.316-328 - Risk Management & Compliance Committee, p.326 - CDP Climate Change responses 2021: C1.1, C1.1a, C1.1b, C1.2, C1.2a
b Describe management's role in assessing and managing climate-related risks and opportunities.	- Sustainability governance, p.87-88 - Remuneration report: short-term and long-term variable remuneration, p.116-120 - Environmental management system, p.168 - CDP Climate Change responses 2021: C1.2, C1.2a

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.

Recommendations	References
a Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	- Applying high ethical standards, p.104-105 - Environmental risk and climate change, p.321-323 - Sourcing & supply chain, p.325 - CDP Climate Change responses 2021: C2.1a, C2.1b, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1b, C3.1d
b Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	- Contributing to the UN Sustainable Development Goals, p.15-16 - Act for a green and digital society, p.57-66 - Materiality and stakeholder dialogue, p.140-146 - EU taxonomy, p.169-170 - Sustainable finance, p.299 - CDP Climate Change responses 2021: C3.1e, C3.1f
c Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios.	- Environmental risk and climate change, p.321-323 - Operational risk, p.324-325 - CDP Climate Change responses 2021: C2.3a, C2.4a, C3.1d

Risk Management

Disclose how the company identifies, assesses, and manages climate-related risks.

Recommendations	References
a Describe the company's processes for identifying and assessing climate-related risks.	- Risk management report, p.316-328 - Environmental risk and climate change, p.321-323 - CDP Climate Change responses 2021: C2.2, C2.2a, C3.1b
b Describe the company's processes for managing climate-related risks.	- Act for a green and digital society, p.57-66 - Risk management report, p.316-328 - CDP Climate Change responses 2021: C2.2, C2.2a, C3.1b
c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.	- Risk management report, p.316-328 - CDP Climate Change responses 2021: C2

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommendations	References
a Disclose the metrics used by the company to assess climate-related risks and opportunities.	- Act for a green and digital society, including a status on our net zero and truly circular ambitions, p.57-66 - Environmental statement, p.158-168 - CDP Climate Change responses 2020: C4.1a, C4.1b, C4.2a, C4.2b
b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	- Status on our net zero and truly circular ambitions, p.60-65 - Emissions, p.160-163 - Abatement of carbon emissions through our products & services, p.164 - CDP Climate Change responses 2021: C5.1, C6.1, C6.2, C6.3, C6.5, C6.10, C7.1a, C7.2, C7.3a, C7.5, C7.6a, C7.9a
c Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.	- Environmental statement, p.158-168 - CDP Climate Change responses 2021: C4.1a, C4.1b, C4.2a, C4.2b, C4.3b, C4.3c, C4.5a

GRI content index

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
General disclosures					
Organization profile	102-1	Name of the organization	Proximus public limited company under Belgian Public Law		
	102-2	Activities, brands, products and services	Who we are and the value we create for society, p.8-12		
	102-3	Location of the organization's headquarters	Boulevard du Roi Albert II, 27 B - 1030 Bruxelles		
	102-4	Number of countries operating	Who we are and the value we create for society, p.10-11		
	102-5	Nature of ownership and legal form	Integrated reporting approach, p.3 Our shareholders, p.136		
	102-6	Markets served	Who we are and the value we create for society, p.8-12		
	102-7	Scale of the reporting organization	- Social statement (S1: workforce), p.147 - Consolidated financial statements, p.182-188 - Key figures on the Proximus share, p.135		
	102-8	Information on employees and other workers	Social statement (S1: workforce), p.147-149		
	102-9	Supply chain	Our value creation model, p.13-14 Act for a green and digital society (scope 3: Indirect emissions resulting from our value chain), p.60 Applying high Ethical standards, p.104-105		
	102-10	Significant changes to the organization and its supply chain	Acquisition of the full ownership of BICS in 2021		
	102-11	Precautionary Principle or approach	Act for a green and digital society, p.58-66 Risk management Report, p.316		
	102-12	External initiatives	- #embracedifference pledge - Open@Work - Inclusive Panels charter - Women on Board - #IamRemarkable - Decent work for all - Commitment charter - AfroPean network - CDP - CO ₂ - neutral company - SBT initiative - RE100 climate group - TCFD - SDGs	Non-exhaustive list	
	102-13	Memberships of associations	- ETNO - VBO/FEB - VOKA - Agoria - BECI (Union des entreprises de Bruxelles) - UWE (Union Wallonne des Entreprises) - Cercle de Wallonie - TNO - VKW - Benelux Business Roundtable - GSMA - Center on Regulation in Europe - ISPA Belgium - ETIS - Guberna - Cyber Security Coalition - The Shift - Be.Face - Joint Audit Cooperation - Belgian Association of Marketing - Greenwin - Experience@work - Synductis	Non-exhaustive list	

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Strategy	102-14	Statement from senior decision-maker	Together towards a more sustainable digital life, p.5-7		
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	- Our value creation model, p.13-14 - Corporate governance statement, p.83 - Compliance, p. 102-103 - Applying high ethical standards, p. 104-105 - Diversity & inclusion statement, p.106-108		
Governance	102-18	Governance structure	Corporate governance statement, p.83-101		
Stakeholder engagement	102-40	List of stakeholder groups	- Integrated reporting approach 2021, p.3 - Our value creation model, p.13-14 - Stakeholder dialogue, p.143		
	102-41	Collective bargaining agreements	Social statement (S1: workforce), p.147-148		
	102-42	Identifying and selecting stakeholders	Stakeholder dialogue, p.143		
	102-43	Approach to stakeholder engagement	Stakeholder dialogue, p.143-146		
	102-44	Key topics and concerns raised	Stakeholder dialogue, p.143-146		
Reporting practice	102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statement, p.189		
	102-46	Defining report content and topic Boundaries	Integrated reporting approach 2021, p.3		
	102-47	List of material topics	Materiality and stakeholder dialogue, p.140-143		
	102-48	Restatements of information	There is no restatement of information unless specifically otherwise stated in the text		
	102-49	Changes in reporting	Materiality and stakeholder dialogue, p.142		
	102-50	Reporting period	Jan 1 to Dec 31, 2021		
	102-51	Date of most recent report	March, 2021		
	102-52	Reporting cycle	Annually		
	102-53	Contact point for questions regarding the report	sustainability@proximus.com		
	102-54	Claims of reporting in accordance with the GRI Standards	Integrated reporting approach 2021, p.3		
	102-55	GRI content index	GRI content index, p.173		
	102-56	External assurance	Auditor's reports, p.337		

Specific disclosures

GRI 203: INDIRECT ECONOMIC IMPACTS 2016 - Linked with highly material topics Supporting digital infrastructure for Belgian society & Support small and medium business development

GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Build the best gigabit network for Belgium, p.26 - Materiality and stakeholder dialogue, p.140-143
	103-2	The management approach and its components	- Build the best gigabit network for Belgium, p.26-35 - Grow profitably through partners and ecosystems, p.45-48 - Sustainability governance, p.87
	103-3	Evaluation of the management approach	Overview of #inspire2022, p.24-25
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	- Overview of #inspire 2022, p.24-25 - Build the best gigabit network for Belgium, p.26-35 - Grow profitably through partners and ecosystems, p.45-48
	Own indicator	Number of homes and business enabled with fiber	Overview of #inspire 2022, p.24-25
	Own indicator	Number of cities and municipalities where 5G is available	Overview of #inspire 2022, p.24-25
	Own indicator	Number of use cases on 5G innovation platform	Overview of #inspire 2022, p.24-25
	Own indicator	Number of new fiber wholesale partners	Overview of #inspire 2022, p.24-25
	Own indicator	Number of MVNO partners that have access to 5G	Overview of #inspire 2022, p.24-25
	Own indicator	Number of internet connections (consumer segment)	Overview of #inspire 2022, p.24-25

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	Own indicator	NPS of PXS Small & Medium-sized enterprise customers	Overview of #inspire 2022, p.24-25	For competitive reasons, we do not disclose this information	
GRI 205: ANTI-CORRUPTION 2016 - Linked to highly material topic Business conduct and ethics					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Compliance, p.102-103 - Applying high ethical standards, p.104-105 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Proximus governance model, p.84 - Sustainability governance, p.87-88 - Compliance, p.102-103		
	103-3	Evaluation of the management approach	Compliance, p.103		
GRI 205: Anti-corruption 2016	Own indicator	Number of cases investigated by the Investigations Department for violation of policies/code of conduct	Compliance, p.103		✓
	Own indicator	Number of whistleblowing cases	Compliance, p.103		✓
GRI 301: MATERIALS 2016 - Linked to highly material topic Sustainable infrastructure					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.58-66 - Sustainability governance, p.87		
	103-3	Evaluation of the management approach	- Overview of #inspire2022, p.24-25 - Act for a green and digital society, p.58-66 - Environmental statements (E4: circularity), p.165-166		
GRI 301: Materials 2016	Own indicator	Number of modems & decoders refurbished	- Overview of #inspire2022, p.24-25 - Environmental statements (E4: circularity), p.165-166		✓
	Own indicator	Number of mobile phones collected	- Overview of #inspire2022, p.24-25 - Environmental statements (E4: circularity), p.165-166		✓
	Own indicator	Number of refurbished computers offered to schools as reward for mobile phone recycling	- Overview of #inspire2022, p.24-25 - Environmental statements (E4: circularity), p.165-166		
GRI 302: ENERGY 2016 - Linked to highly material topic Energy and CO₂ emissions					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.58-66 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Overview of #inspire2022, p.24-25 - Act for a green and digital society, p.58-66 - Environmental statements (E1: Energy), p.158-159		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental statements (E1: Energy), p.158-159		✓
	302-3	Energy intensity	Environmental statements (E1: Energy), p.158-159		✓
	302-4	Reduction of energy consumption	Environmental statements (E1: Energy), p.158-159		
	302-5	Reductions in energy requirements of products and services	Environmental statements (E1: Energy), p.158-159		
GRI 305: EMISSIONS 2016 - Linked to highly material topic Energy and CO₂ emissions					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.58-66 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Overview of #inspire2022, p.24-25 - Act for a green and digital society, p.58-66 - Environmental statements (E2: Emissions), p.160-63		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental statements (E2: Emissions), p.160-163		✓
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental statements (E2: Emissions), p.160-163		✓
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental statements (E2: Emissions), p.160-163		✓
	305-4	Greenhouse gas (GHG) emissions intensity	Environmental statements (E2: Emissions), p.160-163		✓
	305-5	Reduction of GHG emissions	- Environmental statements (E2: Emissions), p.160-163 - Environmental statements (E3: Abatement of Carbon Emissions through our products and services), p.164		
GRI 306: WASTE 2020 - Linked to highly material topic Circular economy					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.58-66 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Overview of #inspire2022, p.24-25 - Act for a green and digital society, p.58-66 - Environmental statements (E4: Circularity), p.165-166		
GRI 306: Waste 2020	306-3	Waste generated	Environmental statements (E4: Circularity), p.165-166		✓
	306-4	Waste diverted from disposal	Environmental statements (E4: Circularity), p.165-166		
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016 - Linked to highly material topic Responsible supply chain					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.58-66 - Applying high ethical standards, p.104-105 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Act for a green and digital society, p.58-66 - Environmental statements (E5: Supply chain), p.167		
GRI 308: Supplier environmental assessment 2016	Own indicator	% of the total spend covered by supplier Ecovadis sustainability scorecards - Proximus SA	Environmental statements (E5: Supply chain), p.167		
	Own indicator	Circular Manifesto's signed	Environmental statements (E5: Supply chain), p.167		
GRI 401: EMPLOYMENT 2016 - Linked to highly material topic Workplace wellness					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Getting our people and organization ready for the future, p.75 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Getting our people and organization ready for the future, p.75-80 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Getting our people and organization ready for the future, p.75-80 - Social Statement (S2: Well-being, satisfaction and retention), p.150-152		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Social Statement (S2: Well-being, satisfaction and retention), p.150-152		
GRI 404: TRAINING AND EDUCATION 2016 - Linked to highly material topic Employee upskilling, reskilling & employability					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Getting our people and organization ready for the future, p.75 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Getting our people and organization ready for the future, p.75-80 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Getting our people and organization ready for the future, p.75-80 - Social Statement (S3: Well-being, satisfaction and retention), p.153		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	- Overview of #inspire2022, p.24-25 - Social Statement (S3: Training and development), p.153		
	404-2	Programs for upgrading employee skills and transition assistance programs	Getting our people and organization ready for the future, p.75-80		
	404-3	Percentage of employees receiving regular performance and career development reviews.	Performance review, development and career coaching are closely linked to our culture. Our performance review process focuses on the strengths of employees to sharpen them further, through continuous coaching and feedback. We are convinced that this approach is beneficial for the employee himself. Indeed, an employee who evolves and develops, will perform all the better. It is also beneficial for Proximus because it helps it, in the end, to return to growth. At least 2 times a year each active employee receives a performance/ career review.		
	Own indicator	(€) million invested in employee re- and up-skilling in 2021	Overview of #inspire2022, p.24-25		
GRI 412: HUMAN RIGHTS ASSESSMENT 2016 - Linked to highly material topics Human rights					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Applying high ethical standards, p.104-105 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Applying high ethical standards, p.104-105 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Compliance, p.102-103 - Applying high ethical standards, p.104-105 - Environmental statements (E5: Supply Chain), p.167		
GRI 412: Human rights assessment 2016	Own indicator	Number of on-site audits in collaboration with JAC	- Applying high ethical standards, p.104-105 - Environmental statements (E5: Supply Chain), p.167		
	Own indicator	Number of cases investigated by the Investigations Department for violation of policies/code of conduct	Compliance, p.102-103		✓
GRI 413: LOCAL COMMUNITIES 2016 - Linked with highly material topic Digital access					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Operate like a digital native company, p.37 - Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Operate like a digital native company, p.37-43 - Act for a green and digital society, p.67-73 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Overview of #inspire 2022, p.24-25 - Act for a green and digital society, p.67-73		
GRI 413: Local communities 2016	Own indicator	Percentage of tested devices accessible for at least 5 disabilities	Overview of #inspire2022, p.24-25		✓
	Own indicator	Donated Wi-Fi codes	Social statements (S6: Digital inclusion), p.157		
	Own indicator	Donated laptops	Social statements (S6: Digital inclusion), p.157		
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 - Linked to highly material topic Responsible Supply chain					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Applying high ethical standards, p.104-105 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Applying high ethical standards, p.104-105 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Applying high ethical standards, p.104-105 - Environmental statements (E5: Supply chain), p.167		

GRI Standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 414: Supplier social assessment 2016	Own indicator	Number of on-site audits in collaboration with JAC	Environmental statements (E5: Supply chain), p.167		
GRI 416: CUSTOMER HEALTH AND SAFETY 2016 - Linked to highly material topic Delivering customer promises & Customer value for money					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Grow profitably through partners and ecosystems, p.45 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Grow profitably through partners and ecosystems, p.45-48 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	- Overview of #inspire2022, p.24-25 - Grow profitably through partners and ecosystems, p.45-48		
GRI 416: Customer health and safety 2016	Own indicator	MyProximus and Pickx app ratings in Google Play and App Store	Overview of #inspire2022, p.24-25		
	Own indicator	Satisfaction with our internet, TV and mobile products	Overview of #inspire2022, p.24-25		
	Own indicator	residential customers satisfaction about the price/quality ratio of their Proximus pack	Grow profitably through partners and ecosystems, p.47		
GRI 418: CUSTOMER PRIVACY 2016 - Linked to highly material topic Privacy and data security					
GRI 103: Management approach 2018	103-1	Explanation of the material topic and its Boundaries	- Act for a green and digital society, p.58 - Materiality and stakeholder dialogue, p.140-143		
	103-2	The management approach and its components	- Act for a green and digital society, p.67-73 - Sustainability governance, p.87-88		
	103-3	Evaluation of the management approach	Act for a green and digital society, p.67-73		
GRI 418: Customer privacy 2016	Own indicator	Security alerts and cyberthreats responded to	Act for a green and digital society, p.70		
	Own indicator	Social engineering attempts aimed at our employees	Act for a green and digital society, p.70		
	Own indicator	Cyber Security Resilience Index	Act for a green and digital society, p.70		✓

Consolidated financial statements

Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2021 and 2020.

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Consolidated Balance Sheet

(EUR million)

(EUR million)		As at 31 December	
ASSETS	Note	2020	2021
NON-CURRENT ASSETS		7,120	7,548
Goodwill	3	2,465	2,588
Intangible assets with finite useful life	4	1,047	1,113
Property, plant and equipment	5	3,169	3,311
Right-of-use assets	6	285	274
Lease receivable		7	6
Contract costs	7	108	110
Investments in associates and joint ventures	8	0	34
Deferred income tax assets	10	12	6
Equity investments measured at fair value	9	1	1
Pension assets	11	0	80
Other non-current assets	12	24	24
CURRENT ASSETS		1,660	1,685
Inventories	13	106	132
Trade receivables	14	868	879
Lease receivable		4	0
Contract assets	14	111	120
Current tax assets	10	119	166
Other current assets	15	139	140
Investments	16	3	0
Cash and cash equivalents	17	310	249
TOTAL ASSETS		8,779	9,233
LIABILITIES AND EQUITY	Note		
EQUITY	18	3,026	2,978
Shareholders' equity attributable to the parent	18	2,903	2,978
Non-Controlling interests	18	123	0
NON-CURRENT LIABILITIES		3,639	3,779
Interest-bearing liabilities (1)	19	2,507	2,737
Lease liabilities	6	216	204
Liability for pensions, other post-employment benefits and termination benefits	11	559	447
Provisions	20	139	153
Deferred income tax liabilities	10	115	136
Other non-current payables (1)	21	102	102
CURRENT LIABILITIES		2,114	2,475
Interest-bearing liabilities	19	163	252
Lease liabilities	6	68	69
Liability for pensions, other post-employment benefits and termination benefits	11	86	62

Trade payables		1,213	1,515
Contract liabilities	22	157	135
Tax payables	10	11	11
Other current payables	22	416	432
TOTAL LIABILITIES AND EQUITY		8,779	9,233

(1) "Derivatives held for trading" were reclassified from "interest-bearing liabilities" to "non interest-bearing liabilities". The reclass amounted to 4 million in 2020 and 3 million in 2021.

Consolidated Income Statement

(EUR million)	Note	As at 31 December	
		2020	2021
Net revenue	23	5,443	5,537
Other operating income	24	38	42
Total income		5,481	5,579
Costs of materials and services related to revenue	25	-1,901	-1,997
Workforce expenses	26	-1,128	-1,200
Non-workforce expenses	27	-530	-554
Total operating expenses before depreciation and amortization		-3,559	-3,751
Operating income before depreciation and amortization		1,922	1,828
Depreciation and amortization	28	-1,116	-1,183
Operating income		805	645
Finance income		8	4
Finance costs		-56	-58
Net finance costs	29	-48	-54
Share of loss on associates		-1	-10
Income before taxes		756	581
Tax expense	10	-174	-137
Net income		582	445
Attributable to:	18		
Equity holders of the parent (Group share)		564	443
Non-controlling interests		18	1
Basic earnings per share (in EUR)	30	1.75	1.37
Diluted earnings per share (in EUR)	30	1.75	1.37
Weighted average nb of outstanding ordinary shares	30	322,752,015	322,751,990
Weighted average nb of outstanding ordinary shares for diluted earnings per share	30	322,755,758	322,751,990

Consolidated Statement of Comprehensive Income

(EUR million)	Note	As at 31 December	
		2020	2021
Net income		582	445
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		-22	15
Cash flow hedges:			
Gain taken to equity		0	-13
Transfer to profit or loss for the period		-2	-2
Other		-1	0
Total before related tax effects		-24	1
Cash flow hedges:			
Loss taken to equity		0	3
Income tax relating to items that may be reclassified		0	4
Total of items that may be reclassified to profit and loss - net of related tax effects		-24	4
Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit obligations	11	-19	142
Total before related tax effects		-19	142
Related tax effects			
Remeasurement of net defined benefit obligations		5	-35
Income tax relating to items that will not be reclassified		5	-35
Total of items that will not be reclassified to profit and loss, net of related tax effects		-15	106
Total comprehensive income		543	555
Attributable to:			
Equity holders of the parent		536	553
Non-controlling interests		8	3

Consolidated Cash Flow Statement

(EUR million)	Note	As at 31 December	
		2020	2021
Cash flow from operating activities			
Net income		582	445
Adjustments for:			
Depreciation and amortization	4/5/6	1,116	1,183
Impairment on current and non-current assets	3/4/5	0	2
Increase of provisions	20	3	9
Deferred tax expense/ (income)	10	14	-12
Loss from investments accounted for using the equity method	8.3	1	10
Fair value adjustments on financial instruments	29	0	1
Adjustments for finance cost (1)		2	-2
Gain on disposal of property, plant and equipment	24	-3	-1
Other non-cash movements		-1	0
Operating cash flow before working capital changes		1,715	1,634
Decrease / (increase) in inventories		27	-26
Decrease in trade receivables		123	11
Decrease/(increase) in other assets		5	-54
Decrease/ (increase) in trade payables		-68	144
Decrease in other liabilities		-50	-15
Decrease in net liability for pensions, other post-employment benefits and termination benefits	11	-238	-74
Decrease in working capital, net of acquisitions and disposals of subsidiaries		-201	-13
Net cash flow provided by operating activities		1,515	1,621
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	4/5	-1,089	-1,137
Cash paid for investments in associates and joint ventures	8.4	0	-44
Cash paid for acquisition of consolidated companies, net of cash acquired	8.5	-2	-130
Net Cash received from sales of property, plant and equipment and other non-current assets		11	6
Net cash used in investing activities		-1,081	-1,305
Cash flow before financing activities		434	316
Lease payments excluding interest paid	6	-82	-79
Free cash flow		352	237
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	31	-485	-388
Dividends to and transactions with non controlling interests	18.2	-26	-217

Net Sale/ (purchase) of treasury shares		-5	2
Decrease of shareholders' equity		-1	-1
Cash paid for matured cash flow hedge instrument related to long term debt		-2	-13
Issuance of long term debt	19.3	150	730
Repayment of long term debt	19.3	0	-502
Issuance of short term debt	19.3	6	89
Cash flows used in financing activities other than lease payments		-363	-299
Exchange rate impact		-2	1
Net change of cash and cash equivalents		-13	-62
Cash and cash equivalents at 1 January		323	310
Cash and cash equivalents at the end of the period	17	310	249
(1) Net cash flow from operating activities includes the following cash movements :			
Interest paid		-42	-46
Interest received		0	1
Income taxes paid		-155	-198
(2) Free cash flow: cash flow before financing activities and after lease payments			

(1) The recycling of gains and losses on interest rate swaps from OCI to P&L is reported as non cash movement

Consolidated Statement of Changes in Equity

(EUR million)	Issued capital	Treasury shares	Restric'd reserve	Equity instruments and hedge reserve	Other remeasur- ement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Share's Equity	Non-control interests	Total Equity
Balance as at 1 January 2020	1,000	-421	100	6	-194	5	4	2,356	2,856	142	2,998
Total comprehensive income and expense	0	0	0	-2	-14	-13	0	564	536	8	543
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-323	-323	0	-323
Interim dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-26	-26
Treasury shares											
Net sale of treasury shares	0	-3	0	0	0	0	0	-2	-5	0	-5
Total transactions with equity holders	0	-3	0	0	0	0	0	-486	-489	-26	-515
Balance as at 31 December 2020	1,000	-423	100	4	-208	-8	3	2,434	2,903	123	3,026
Total comprehensive income	0	0	0	-11	106	14	0	443	553	3	555
Dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2021)	0	0	0	0	0	0	0	-161	-161	0	-161
Acquisition of Non-Controlling interests	0	0	0	0	0	0	0	-92	-92	-126	-218
Treasury shares											
Net purchase of treasury shares	0	1	0	0	0	0	0	1	2	0	2
Stock options											
Stock forfeited	0	0	0	0	0	0	-3	3	0	0	0
Total transactions with equity holders	0	1	0	0	0	0	-3	-475	-477	-126	-603
Balance as at 31 December 2021	1,000	-422	100	-7	-102	7	0	2,403	2,978	0	2,978

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2021 were authorized for issue by the Board of Directors on 17th February 2022. They comprise the financial statements of Proximus SA, its subsidiaries, as well as the Group's interest in associates and joint ventures accounted for under the equity method and joint operations (hereafter "the Group").

Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium. The transformation of Proximus SA from "Autonomous State Company" into a "Limited Liability Company of Public Law" was implemented by the Royal Decree of 16 December 1994. Proximus SA headquarters are located at Boulevard du Roi Albert II, 27 1030 Brussels, Belgium. Proximus' shares are listed on Euronext Brussels.

Proximus Group (Euronext Brussels: PROX) is a provider of digital services and communication solutions operating in the Belgian and international markets. Delivering communication and entertainment experiences for residential consumers and enabling digital transformation for enterprises, we open up a world of digital opportunities, so people live better and work smarter. Thanks to advanced interconnected fixed and mobile networks, the Group provides access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. The Group is a pioneer in ICT innovation, with integrated solutions based on IoT, Data analytics, cloud and security. The Group has the ambition to become the reference operator in Europe through next generation networks, a truly digital mindset and a spirit of openness towards partnerships and ecosystems, while contributing to a safe, sustainable, inclusive and prosperous digital Belgium. In Belgium, the core products and services of the Group are offered under the Proximus and Scarlet brands. The Group is also active in Luxembourg as, under the brand names Tango and Telindus Luxembourg, and in the Netherlands through Telindus Netherlands. The Group's international carrier activities are managed by BICS, a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide. With TeleSign, the Group also encompasses a fast-growing leader in digital identity services, serving the world's largest internet brands, digital champions and cloud native businesses.

The number of employees of the Group (in full time equivalents) amounted to 11,423 at 31 December 2020 and 11,532 at 31 December 2021. For the year 2020, the average headcount of the Group was 161 management personnel 10,667 employees and 716 workers; for the year 2021 the average headcount of the Group is 169 management personnel 11,276 employees and no workers. In the "collective bargaining agreement 19/20" it was agreed with the social partners that all personnel members with a worker contract would receive an employee contract.

Note 2. Significant accounting policies

Basis of preparation

The accompanying consolidated financial statements as of 31 December 2021 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

Changes in accounting policies

The Group does not anticipate the change in the application of standards and interpretations. The accounting policies applied are consistent with those of the previous financial years except that the Group applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2021 and that are detailed as follows:

New standards and Amendments to standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform Phase 2
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)

The adoption of these new and amended standards has no impact on the financial statements of the Group.

Changes in operating segments

The Group's operating segments are the Group's components whose operating results are regularly reviewed by its Executive Committee (EXCO), the Group's chief operating decision makers (CODM), to make decisions about resources to be allocated to the segment and assess the performance.

Until 2020 this review was based on a customer-oriented organization structured around: the Consumer Business Unit (CBU), the Enterprise Business Unit (EBU), Carrier & Wholesale Services (CWS) and International Carrier Services (BICS).

In 2021, the former ICS segment, which included BICS and TeleSign activities, has been split into two separate segments (BICS and TeleSign), to reflect their individual management and future trajectories. Also, the way the business is monitored by the CODM has changed. Accordingly, the internal profitability reports, that are regularly reviewed by the CODM to allocate resources to segments and assess performance, were organised based on the nature of products and services provided and geographical area. As a result, the Group operating segments were redefined as follow:

- **Domestic:** segment providing communication and ICT services to residential, business and telecom wholesale markets in Belgium / BeNeLux. This operating segment regroups a.o. the former business units CBU, EBU and CWS.
- **International Carrier Services (BICS)** is responsible for international carrier activities on the international communications market.
- **TeleSign:** is specialized in international delivery authentication and digital identity services to the world's largest internet brands, digital champions and cloud native businesses.

As there was a change in reporting segments in 2021, corresponding amounts for 2020 were restated.

Alternative Performance Measures

The Group uses so called “Alternative Performance Measures” (“APM”) in the financial statements and notes. An APM is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework (IFRS). A glossary describing these is included in the section “Management Discussion” of the Consolidated Management Report. They are consistently used over time and when a change is needed, comparable information is restated.

Basis of consolidation

Note 8 lists the Group’s subsidiaries, joint operations, joint ventures and associates. Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Intercompany balances and transactions and resulting unrealized profits or losses between Group companies are eliminated in full in consolidation. When subsidiaries accounting policies are not aligned with the Group ones, the Group performs the necessary adjustments to ensure that the consolidated financial statements are prepared using uniform accounting policies.

Changes in Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company. Transaction costs associated with the purchase or sale of a non- controlling interest in a subsidiary, when control is maintained, is recognized as a deduction from equity only if they are incremental costs directly attributable to the equity transaction.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements. Arrangements of which the design and purpose is such that the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement are recognized as joint operations.

When the Group undertakes its activities under joint operations, the Group recognizes based on its ownership interest, net off intercompany eliminations its share in the assets and liabilities and its share in the costs and revenue. Revenue is only recognized when the joint operation sells its output to third parties.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangements. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in these consolidated financial statements using the equity method.

Associated companies are companies in which the Group has a significant influence, defined as an investee in which the group has the power to participate in its financial and operating policy decisions (but not to control the investee). These investments are also accounted for using the equity method.

Under the equity method, the investments held in associates or joint ventures are initially recognized at cost and the carrying amount is subsequently adjusted to recognize the Group’s share in the profit or losses or other comprehensive income of the associate or joint venture as from the date of acquisition. These investments and the equity share of results for the period are shown in the balance sheet and income statement as respectively, investments in associates and joint ventures, and share in the result of the associates and joint ventures.

Business Combinations

Acquisitions of businesses are accounted using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued in exchange for control of the acquiree. Acquisition related costs are accounted for as expenses in the periods in which the costs are incurred.

At acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at that date. This includes fair valuing the unrecognized assets and liabilities in the balance sheet of the acquiree, which concerns mainly customer bases and trade names.

Non-controlling interests are initially measured at the proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Judgments and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.

Judgments and estimates that are made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates, as well as existing accounting rules and guidance in domains where there is limited authoritative literature). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

The group evaluated the direct and indirect impact of climate change on its business risks, its operations and its financial reporting and has currently not identified material judgments and estimates affected by climate change.

Critical judgments in applying the Group accounting policies

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Revenue recognition under IFRS 15

Under IFRS 15, the transaction price is allocated to the identified performance obligations in the contract based on their relative standalone selling prices. Judgment is required in determining the stand-alone price and the transaction price considering the contract duration.

- **Determination of the contract duration**

To define the duration of its contracts the Group considered the contractual period in which the parties to the contract have present enforceable rights and obligations. A contract has a duration when it includes a substantive termination payment. The duration runs until the termination payment is not due anymore. If there is no substantive termination payment clause, the contract has no duration (i.e. open-ended contracts).

- **Determination of the stand-alone selling price**

In situations where the stand-alone selling price is not directly observable, the Group assesses it using all information (including market conditions, Proximus-specific factors and information about the customer or class of customer) that is reasonably available to it. This situation occurs mainly in the context of combined offers with subsidized devices, for which a cost-plus approach method is applied to one of the components.

Discounts granted because a customer entered into a contract, are allocated to all performance obligations triggering the granting of the discount.

- **Identification of performance obligations**

Identifying the performance obligations requires judgment and a thorough understanding of the contract promises and how they interact with each other

Leases under IFRS 16

- **Determining whether an arrangement contains a lease**

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control use of an identified asset for a period of time in exchange for consideration. For some contracts, significant judgment is required to assess whether a contract conveys the right to control the use of an asset or is instead a contract for a service that is provided using that asset. When a contract does not qualify as a lease under IFRS 16, any amounts prepaid under such contracts are treated as prepaid expense (service), which is the case for certain fibre-related capacity acquired by the Group.

- **Lease term**

When the Group acts as lessee the lease term consists of the non-cancellable period of a lease, together with periods covered by options to extend the lease if the Group is reasonably certain to exercise these options, and periods covered by options to terminate the lease if the Group is reasonably certain not to exercise these options.

Significant judgment is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Functional currency of the Group entities

The individual financial statements of each subsidiary are prepared in the currency of the primary economic environment in which the entity operates. When the factors set out by IAS 21 to determine the functional currency are mixed and the functional currency is not obvious, management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions. The functional currency of the Proximus Group entities is EUR except for the wholly owned US subsidiary TeleSign, for which US Dollar is assessed by management to be the functional currency.

Tax proceedings

- **Excess profit ruling**

On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid (hereafter "Decision").

BICS applied such tax ruling for the period 2010-2014 and paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favour of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the Court of Justice of the EU (CJEU) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened a separate in-depth investigation into 39 individual excess profit rulings, including the excess profit rulings obtained by BICS. The individual opening decisions were eventually published on 31 August 2020. BICS submitted its comments to the Commission on 29 September 2020. On 16 September 2021, the CJEU held that the Decision correctly found that the excess profit ruling system constitutes an "aid scheme" and referred the case back to the General Court, for a decision on whether or not the EPR "scheme" also amounted to illegal State aid, as no decision has

yet been taken in this respect (neither by the EU General Court or the CJEU). Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

- **Indian case**

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2012. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2012 with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest should not exceed EUR 33 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

Key sources of estimation uncertainty

Claims and contingent liabilities (see note 34)

Related to claims and contingencies, judgment is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outflow of economic resources. This judgment is reviewed when new information becomes available and with support of outside experts advises.

Recoverable amount of cash generating units including goodwill

In the context of the impairment test, the key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 3 (Goodwill).

Actuarial assumptions related to the measurement of employee benefit obligations and plan assets

The Group holds several employee benefit plans such as pension plans, other post-employment plans and termination plans. In the context of the determination of the obligation, the plan asset and the net periodic cost, the key assumptions that are used are discussed in note 11 (Assets and liabilities for pensions, other post-employment benefits and termination benefits).

Estimation of useful life

Items of Property, Plant and Equipment are depreciated using a straight-line method to allocate their depreciable amount on a systematic basis over their useful life. The depreciable amount is the cost less its estimated residual value

Useful life of an asset is estimated on a realistic basis based on the experience of the Group with similar assets and reviewed at least annually. The effect of changes in useful life are recognized prospectively.

Foreign currency translation

Foreign currency transactions are recognized in functional currency on initial recognition, at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the balance sheet date using the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not remeasured. Net exchange differences on the translation of monetary assets and liabilities are classified in "non-workforce expenses" in the income statement in the period in which they arise.

Foreign operations

The Group determines the functional currency (i.e. the currency of the primary economic environment in which the subsidiary operators) of each individual subsidiary included in its consolidated figures. An operation that is integral to the parent (Proximus SA) i.e. carries on business as if it were an extension of the parent's operation, has Euro as functional currency

Results and financial position of entities with a functional currency other than Euro are included in the Proximus Group accounts as follows:

- Assets and liabilities (including comparatives) are translated at the closing rate at the reporting date.
- Income and expenses are translated at exchange rates at the date of the transaction.
- Non-controlling interests are translated at exchange rates at the date of the transaction.
- All resulting exchange differences are recognized in other comprehensive income. On disposal of such entity, the deferred cumulative amount recognized in other comprehensive income relating to that foreign operation is recognized in profit or loss.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, over the net fair value of identifiable assets, liabilities and contingent liabilities acquired in business combination. When the Group obtains control, the previously held interest in the acquiree, if any, is re-measured to fair value through profit or loss.

Changes in a contingent consideration included in the consideration transferred are adjusted against goodwill when they arise during the provisional purchase price allocation period and when they relate to facts and circumstances existing at acquisition date. In other cases, depending if the contingent consideration is classified as equity or not, changes are taken into equity or in profit or loss.

Acquisition costs are expensed, and non-controlling interests are measured at acquisition date at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Goodwill is stated at cost and not amortized but subject to an annual impairment test at the level of the cash generating unit to which it relates and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired. The Group monitors the goodwill at the level of the operating segments as this reflects the way the Group manages its operations.

Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication ("GSM") license, the Universal Mobile Telecommunication System ("UMTS") license, 4G licenses, customer bases, patents and trade names acquired in business combinations, internally and externally developed software and other intangible assets such as football rights and broadcasting rights.

Intangible assets with finite life acquired separately are measured on initial recognition at cost. Only the fixed portion of the consideration is capitalized. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

The Group capitalizes certain costs incurred in connection with developing or purchasing software for internal use when they are identifiable, when the Group controls the asset and when future economic benefits from the asset are probable.

The Group enters into SaaS arrangement and pays a fee in exchange for a right to receive access to the supplier's application software for a specified term. The Group recognizes a software asset in a cloud-computing arrangement at the contract commencement date if it obtains control of software at that date. This is when, at the inception of the arrangement:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty, and
- It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software

The Groups' accounting policy is to capitalize broadcasting rights of life sport seasons as intangible asset at the start of each new season as this is the moment at which the content is identifiable. Future payment commitments related to future seasons are disclosed as contractual commitments in the notes (see note 34).

For contracts with other TV channels, the Group capitalizes the costs for the total contract duration, as the content is deemed to be sufficiently identifiable (the major part of the content is already produced) for the non-cancellable duration of the contract (generally 18 months-3 years).

The company continues to monitor the related accounting rules and guidance in this domain where there is limited authoritative literature.

Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses. The residual value of such intangible assets is assumed to be zero.

Customer bases and trade names acquired in business combinations are straight-line amortized over their estimated useful life (3 to 20 years). Except if the useful life is based on the contractual limits or reflecting management intention, it is set consistently with the expected cash flows used in the valuation model for such an asset. It is defined in such a way that the expected cumulated discounted cash flows generated by the concerned asset over its useful life represent approximately 90% of the total cumulated discounted cash flows expected from the asset.

GSM, UMTS and 4 G licenses, other intangible assets and internally generated assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization commences when the intangible asset is ready for its intended use. The licenses' useful lives are fixed by Royal Decree and they range from 5 to 20 years.

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
GSM (2G)	5 to 6
UMTS (3G)	16
LTE (4G)	15
800 Mhz (4G)	20
Customer bases, trade names, patents and software acquired in a business combination	3 to 20
Software	5
Broadcasting rights for sport seasons	Over the duration of the season
Rights to use, and other broadcasting rights	Over the contract period (usually from 2 to 5)

The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment

Property, plant and equipment including assets rented to third parties through operating leases, are presented according to their nature and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses when it does not extend the life of the asset or does not significantly increase its capacity to generate revenue. The cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the item.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation of an asset begins when the asset is ready for its intended use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The useful lives are assigned as follows:

	Useful life (years)
Land and buildings	
Land	Indefinite
Buildings and building equipment	22 to 33
Facilities in buildings	3 to 10
Leasehold improvement and advertising equipment	3 to 10
Technical and network equipment	
Cables and ducts	15 to 20
Switches	8 to 10
Transmission	6 to 8
Radio Access Network	6 to 7
Mobile sites and site facility equipment	5 to 10
Equipment installed at client premises	2 to 8
Data and other network equipment	2 to 15
Furniture and vehicles	
Furniture and office equipment	3 to 10
Vehicles	5 to 10

The asset's residual values, useful life and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs of material, workforce and non-workforce expenses are shown net of work performed by the enterprise that is capitalized in respect of the construction of property, plant and equipment.

Contract costs

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission paid to dealers relating to postpaid contracts. Contract costs are recognized as non-current assets as the economic benefits from these assets are expected to be received in the period longer than twelve months.

Contract costs relating to postpaid contracts are deferred on a systematic basis that is consistent with the transfer to the customer of the services, being the time, at which related revenue is recognized. The group adopted a portfolio approach for the contract costs. Contract costs relating to the residential market are deferred over three years and for the professional market five years.

All other commissions are expensed when incurred.

Impairment of non-financial assets

The Group reviews the carrying value of its non-financial assets at each balance sheet date for any indication of impairment.

The Group compares at least once a year the carrying value with the estimated recoverable amount of intangible assets under construction and cash generating units including goodwill. The Group performs this annual impairment test during the fourth quarter of each year.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds the estimated recoverable amount, being the higher of the assets or cash generating unit's fair value less costs to sell and its value in use for the Group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their respective taxation bases.

Deferred tax assets associated to deductible temporary differences and unused tax losses carried forward are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans to which the contributions are made through separately managed funds. The Group also agreed to provide additional post-employment benefits to certain employees. The cost of providing benefits under the plans is determined separately for each plan using the projected credit unit actuarial valuation method.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) and any change in the effect of asset ceiling – if applicable, are recognized through Other Comprehensive Income. Any past service cost and gain or loss on settlement is recognized in profit and loss when they occur.

The Group classifies the periodic cost in operating and financing activities for their respective components.

The Group also operates several defined contribution plans. For plans with guaranteed minimum return management applied the 'Projected Unit Credit' method.

The discount rate used to calculate the present value of the defined benefit obligation of the plans is determined by reference to the yield on high-quality corporate bonds (at the end of the reporting period) of currency and term consistent with the liabilities. The net defined benefit liability is defined as the present value of the defined benefit obligation less the fair value of the plan assets (if any).

The Group operates several restructuring programs that involve termination benefits or other forms of additional compensation. Voluntary termination benefits to encourage employees to leave service are recognized when employees accept the offer of those benefits. Involuntary termination benefits are recognized when the Group has communicated its plan of termination to the affected employees and the plan meets specified criteria. Related provisions are recognized when valid expectations are raised in those affected by the plans and implementation is started i.e. an agreement is reached with the unions on the features of the plans and those features are communicated to those affected.

Benefits conditional on future service being provided do not qualify as termination benefits but as long-term employee benefits. The liability for those benefits is recognized over the period of the future service.

For certain participants of the restructuring plans, benefits are paid until the earliest retirement date. Assumptions used to make a reliable estimate of the ultimate cost to the Group are pension age, the discount rate and future price inflation. Assumptions are reviewed at the end of the reporting period. The actuarial gains and losses on the liabilities for restructuring programs are recognized in profit or loss when incurred.

Short-term and long-term employee benefits

The cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

Financial instruments

Classification

The Group classifies its financial assets in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At fair value through other comprehensive income ("FVTOCI"); or

- At amortized cost.

The Group classifies its financial liabilities in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At amortized cost.

Financial assets

The Group determines the classification of the financial assets at initial recognition. The classification is driven by the Group's business model for managing the financial assets ('hold to collect', 'hold to collect and sell' and 'other') and their contractual cash flow characteristics (Solely payments of Principal and Interest "SPPI" test i.e. whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding).

If a non-equity financial asset fails the SPPI test, the Group classifies it at Fair Value Through Profit or Loss (FVTPL). If it passes the SPPI test, it will either be classified at amortized cost if the 'hold to collect' business model test is met, or at Fair Value Through Other Comprehensive Income (FVTOCI) if the 'hold to collect and sell' business model test is met.

For equity financial assets other than interests in subsidiaries, associates and joint ventures, the Group makes at initial recognition an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI or FVTPL.

The equity investments held for trading are always designated at FVTPL.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Measurement

• Financial assets at FVTOCI

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, with no subsequent recycling to profit or loss.

Accumulated remeasurements on disposal or settlements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

The Group holds no other investment measured at FVTOCI.

Dividend income is recognized in profit or loss.

• Financial assets and liabilities at amortized cost

Financial assets, other than trade receivables, and liabilities at amortized cost are initially recognized at fair value plus or minus directly attributable transaction costs. Trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component.

These financial instruments are subsequently carried at amortized cost using the effective interest rate method less any impairment, if applicable.

- **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities are included in the consolidated net (loss) income in the period in which they arise. The Group has not designated financial liabilities at FVTPL (FV option).

Derivatives are measured at FVTPL.

Expected credit losses

The Group applies the forward-looking expected credit loss (ECL) model.

The ECL model considers all losses that result from all possible default events over the expected life of the financial instrument (life-time expected credit losses) or that result from possible default events over the next 12 months (12-month expected credit losses), depending on whether the credit risk of the financial asset has increased significantly since initial recognition or not (the general ECL model).

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs. Same treatment is applied to contract assets resulting from the application of IFRS 15 and lease receivables, even though these are not classified as financial assets.

At each reporting date, the Company measures the loss allowance for these assets.

The Group has limited trade receivables with financing component. The Group applies a simplified method and measures the loss allowance at an amount equal to the lifetime expected credit losses, for all trade receivables, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including information that is forward-looking.

For receivables on residential and professional market, the payment delays compared to the contractual due dates and the status of the legal actions taken to recover the receivables due are the main information considered to assess whether credit risk has increased significantly since initial recognition. A provision matrix is used.

For the BICS and TeleSign segment, the Group considers experience and reasonable and supportable information about future expectations to define provision rates on an individual rate" base.

Following indicators are used:

- an actual or expected significant deterioration of the customer's external (if available) or internal credit rating.
- significant deterioration of the country risk in which the customer is active.
- existing or forecasted adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The same methodology is applied for contract assets.

For financial assets at amortized costs, contract assets and lease receivables, allowances and impairment are recognized in profit or loss.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are assumed not recoverable by external recovery agency, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Criteria for initial recognition and for de-recognition of financial assets and liabilities

Financial assets and liabilities are initially recognized when the Group becomes party to the contractual terms of the instruments. "Regular way" ("spot") purchases and sales of financial assets are accounted for at their settlement dates.

Financial assets (or a portion thereof) are derecognized only when the contractual rights to cash flows from the financial assets expire. For equity investments, the accumulated remeasurements to fair value in other comprehensive income are reclassified to retained earnings on de-recognition.

Financial liabilities (or a portion thereof) are de-recognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

- Investments in non-quoted companies are measured at Fair value. Fair value is estimated by reference to recent sale transactions on the shares of these non-quoted companies and, in the absence of such transactions, by using different valuation techniques such as discounted future cash flow models and multiples methods.
- For long-term debts carrying a floating interest rate, the amortized cost is assumed to approximate fair value.
- For long-term debts carrying a fixed interest rate, the fair value is determined based on the market value when available or otherwise based on the discounted future cash flows.
- For derivatives, fair values are estimated by either considering their quoted price on an active market, and if not available by using different valuation techniques, in particular the discounting of future cash flows.

Criteria for offsetting financial assets and liabilities

Where a legally enforceable right of offset currently exists for recognized financial assets and liabilities, and the Group has the intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all amounts in the statement of financial position are offset.

Trade receivables

Trade receivables are measured in the balance sheet at amortized costs (SPPI model applies) less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash, current bank accounts and term accounts with a maturity on acquisition of less than three months. These assets are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost.

Interest-bearing liabilities

All loans and borrowings are initially recognized at their cost which generally corresponds to the fair value of the consideration received (net of issuance costs associated with the borrowings).

After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through profit or loss.

Derivatives

The Group does not hold or issue derivative financial instruments for trading purposes but some of its derivative contracts do not meet the criteria set by IFRS 9 to be subject to hedge accounting and are therefore treated as derivatives held for trading, with changes in fair value recorded in profit or loss.

The Group makes use of derivatives such as IRS, IRCS, forward foreign exchange contracts and currency options to reduce its risks associated with foreign currency fluctuations on underlying assets, liabilities and anticipated transactions. The derivatives are carried at fair value under the caption's other assets (non-current and current), non-interest-bearing liabilities (non-current and current) and other payables (non-current and current).

An IRCS is used to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt denominated in JPY. The Group does not apply hedge accounting for this derivative.

This long-term debt expressed in JPY includes an embedded derivative. Such derivative is separated from its host contract and carried at fair value with changes in fair value recognized in profit or loss. The mark-to-market effects on this derivative are offset by those on the IRCS.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income and gradually reclassified to profit or loss through financial result, in the same period as the hedged item.

The Group contracts derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applies cash flow hedge accounting; the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The other forward exchange contracts do not qualify for hedge accounting and are consequently carried at fair value, with changes in fair value recognized in profit or loss through financial result except when the underlying is recognized in the balance sheet and relates to costs recorded in operating income or to capitalized expenditures. In this case, changes in fair value are recognized in profit or loss as operating income.

The Group applies IAS 32 to option contracts that are share-based payments not granted in exchange for goods or services nor granted to employees in their capacity as employees. Option contracts, such as warrants, that qualify as derivatives and financial liabilities are classified as financial liabilities at fair value through profit and loss (financial result).

Net gains and losses on financial instruments

Dividends, interest income and interest charges arising from financial instruments are posted to the finance income (costs).

Remeasurements of financial instruments carried at FVTPL are accounted for as finance income (costs) when the instruments relate to financing activities.

Remeasurements of the financial instruments carried at FVTPL that relate to operating or investing activities (other than mentioned above), are accounted for as other operating income (expenses).

Accumulated remeasurements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

Net gains and losses on derivatives used to manage foreign currency exposure on operating activities that do not qualify for hedge accounting under IFRS 9 are recorded as operating expenses.

Net gains and losses resulting from fair value measurement of derivatives used to manage interest rate exposure on interest-bearing liabilities that do not qualify for hedge accounting under IFRS 9 are recorded in finance income/(costs).

Contract assets

A contract asset is the Group's right to consideration in exchange for goods or services that it has already transferred to a customer and arise essentially in the context of contracts containing mobile and fix joint offer with a subsidized handset and services to be delivered over 24 months. The contract asset corresponds to the excess of revenue allocated to the devices over the cash received. The "contract asset" is transferred to "trade receivable" over the contract term. The assets are classified as current as they are expected to be realized as part of the Group normal operating cycle.

In case of early termination, the customer has to pay a penalty which corresponds to the prorata of the discount offered in the joint offer for the remaining contract duration. This penalty is always higher than the remaining balance of the contract asset. The difference between the reversal of the contract asset and the penalty is recognized as device revenue.

Contract assets is a conditional right recognized on the balance sheet at cost less loss allowance, as defined on the lifetime expected credit loss model.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined based on the weighted average cost method except for IT equipment (FIFO method) and goods purchased for resale as part of specific contracts containing a performance obligation involving the construction of an asset (individual purchase price).

For inventory intended to be sold in joint offers, calculation of net realizable value considers the future margin expected from the telecommunications services in the joint offer, with which the item of inventory is offered.

For contracts including performance obligation involving the construction of an asset, the revenue for that performance is recognized over time based on an input method. That method measures the progress towards complete satisfaction of the related performance obligation by reference to the amount of contract costs incurred for work performed at balance sheet date in proportion to the estimated total costs for the contract. Contract cost includes all expenditures directly related to the specific contract and an allocation of fixed and variable overheads incurred in connection with contract activities based on normal operating capacity.

Lease agreements

The Group assesses whether a contract is or contains a lease, at inception of the contract. Under IFRS 16 a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration.

Group as a lessee (receives a right to use an asset from a supplier)

When the Group is lessee it applies a single recognition and measurement approach for all leases. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The Group does not apply the short-term lease recognition exemption nor the low-value recognition exemption. The Group has defined four major categories of leases:

- Buildings: mainly concern commercial (point of sale) or service activity (office and head office) leases, as well as leases of technical buildings not owned by the Group
- Mobile sites: only includes site rentals for mobile antennas and leases of R-layers (i.e. well identified area of a pylon) on pylons of another operator
- Fleet: contains the lease of vehicles (management, sales, and utility cars)
- Other: primarily consists of ICT equipment

• Lease liabilities

The Group recognizes a liability (i.e. a lease liability) at the date the underlying asset is made available. The lease liability is equal to the present value of the lease payments not paid at that date, plus any amounts that the Group is reasonably certain to pay at the end of the lease such as the exercise price of a purchase option (where it is reasonably certain to be exercised) or penalties payable to the lessor for terminating the lease (where such termination option is reasonably certain to be exercised).

The Group systematically determines the lease term as the period during which leases cannot be cancelled, plus periods covered by any extension options that the lessee is reasonably certain to exercise and by any termination options that the lessee is reasonably certain not to exercise.

The lease liability is measured using the interest rate implicit in the contract. If the rate cannot be readily determined, the Group uses its Incremental Borrowing Rate (IBR) which it assumes to be the theoretical interest rate the Group would need to pay when issuing funding over a similar term as in the lease.

The applicable rate per contract is primarily dependent on the total expected term of a lease at its commencement date (new leases) or the total expected remaining lease term in case of a remeasurement of a lease.

The amount of lease liability is reassessed after the lease commencement date to reflect changes introduced in the following main cases:

- a change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised or a termination option will not be exercised.
- a change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments.
- a change in the assessment of whether a purchase option will be exercised.
- any other contractual change, for example a change to the scope of the lease or the underlying asset.

The lease liabilities are included in Interest-bearing loans and borrowings (see Note 19).

• Right-of-use assets

A right-of use is recognized as an asset, with a corresponding lease liability. Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Group as a lessor (grants a right to use an asset to a customer)

A contract by which the Proximus customer does not obtain substantially all of the benefits of the identified asset or where the customer has not the right to direct the use of the asset does not qualify as a lease-out. This is the case for modems and decoders used by Proximus to deliver the services to the customer. Income for these contracts is accounted for on a straight-line basis over the period of use by the customer and is included in revenue in the statement of profit or loss due to its operating nature.

Leases whereby the Group transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee are classified as finance lease. For finance leases the Group recognizes a receivable at an amount equal to the net investment in the lease, this is the gross investment in the lease discounted at the interest rate implicit in the lease. The Group did not enter into material finance lease out contracts

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, considering the available evidence, it is more likely than not that a present obligation exists at the balance sheet date. The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

The estimated costs associated with dismantling and restorations to its original condition are recorded under property, plant and equipment and depreciated over the useful life of the asset. This total cost, discounted to its present value, is recorded under provisions. Where discounting is used, the increase in the provision due to the passage in time is recognized in financial expense in profit or loss.

Share based payment

Equity and cash settled share-based payments to employees are measured at the fair value of the instrument at the grant date taking into account the terms and conditions upon which the rights are granted.

For equity settled arrangement the fair value is recognized in workforce expenses over their vesting period, together with an increase of the caption "stock compensation" of the shareholders' equity for the equity part and an increase of a dividend liability for the dividend part. When the share options give right to dividends declared after granting the options, the fair value of this right is re-measured regularly.

For cash settled arrangement the fair value is recognized in workforce expenses over their vesting period together with an increase in the liabilities. The liabilities are regularly re-measured to reflect the evolution of the fair values.

We refer to Note 35 for the explanation of the valuation techniques used.

Contract liabilities

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due.

Revenue

The Group assesses at contract inception the goods or services promised in a contract with a customer and identifies as performance obligation each promise to transfer to the customer either a good or service (or a bundle of) that is distinct, either a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Performance obligations are identified when following criteria are met

- Capable of being distinct: the customer can benefit from the goods and services on its own or together with other resources readily available to the customer
- Distinct within the context of the contract: a promise within the context of the contract is distinct from other promises in the contract if the Group considers that it fulfills its contractual obligations by delivering the concerned promise independently from the others. Promises in a context of a contract are not distinct within the context of the contract when their nature is to be transferred in combination with other promises.

Following promises can be performance obligations, depending on their natures and interdependencies with the other promises in the contract:

- Traffic and data usage services: revenue is recognized on usage
- TV services: revenue is recognized over the contractual term
- Maintenance services: recognized over the contractual term
- Sale of equipment: revenue is recognized when the customer obtains control over the equipment
- Rent of equipment: rental revenue is recognized over the contractual period
- Setup/installation/activation fees: recognized when delivered
- License of intellectual property: revenue recognized when transferred to the customer.

When these promises are not distinct, the Group combines them with other promises in the arrangement until the combined promises form a promise that is distinct (i.e. a performance obligation). Timing of revenue recognition for a Performance Obligation is based on the pattern of transfer to the customer of the predominant promise in that bundle.

When the "series guidance" applies i.e. when goods and services are distinct and substantially the same, the Group considers them as one performance obligation. Each pricing plan – postpaid and prepaid (mobile voice, fix voice, internet, TV) is therefore considered as single performance obligation.

When contracts include different performance obligations that are not substantially the same, the transaction price is allocated to the different performance obligations of the arrangements based on their relative stand-alone selling prices. When contracts include customer options (i.e. unilateral rights granted to the customer) to acquire additional goods or services with a discount, including sales incentives, customer award points, contract renewal options or other discounts on future goods or services, revenue is allocated to these options when they provide the customer with a material right i.e. an unilateral right for the customer to obtain an advantage because he enters the contract.

When another party is involved in providing goods or services to a customer, the Group assesses for each performance obligation whether the nature of its promise is to provide the specified goods or services itself (ie the Group is a principal) or to arrange for those goods or services to be provided by the other party (ie the Group is an agent). When the Group acts as agent only the commission is recognized in revenue.

Operating expenses

The costs of materials and services related to revenues include the costs for purchases of materials and services directly related to revenue.

Work force expenses are expenses related to own employees (personnel expenses and pensions) as well as to external employees.

Operating expenses are reported net of work performed by the Group, which is capitalized. They are reported by nature.

Incremental costs to obtain a contract are deferred on a straight-line basis over 3 years for contract for the residential market and 5 years for the professional market.

Note 3. Goodwill

(EUR million)	Goodwill
As at 31 December 2019	2,477
Effect of movements in foreign exchange	-13
As at 31 December 2020	2,465
Purchase price allocation of Mobile Vikings	114
Effect of movements in foreign exchange	9
As at 31 December 2021	2,588

Compared to year-end 2020 the goodwill increased by EUR 123 million because of the acquisition in 2021 of Mobile Vikings (EUR 114 million), and due to the USD/EUR conversion of the TeleSign goodwill (EUR 9 million). TeleSign has US Dollar as functional currency.

Goodwill is tested for impairment at the level of the operating segments as the performance and allocation of resources within the group are monitored at operating segment level.

In 2021 the operating segments of the Group were redefined as being Domestic, International Carrier Services and TeleSign (see note 2).

Following the changes in operating segments (as explained in Note 2):

- The goodwill previously allocated to CBU and EBU was reallocated to the Domestic segment, as this segment will benefit from the business combinations that affected CBU and EBU (which were incorporated into Domestic) and generated the goodwill.
- The goodwill previously allocated to BICS, when it acquired the control of TeleSign was reallocated to BICS and TeleSign on a pro rata basis of the synergies expected from the business combination for each of the two companies taken individually. These synergies were identified at the date of the takeover of TeleSign by BICS.

As at 31 December 2021, all businesses acquired were fully allocated to one single operating segment, to the exception of the goodwill resulting from the acquisition of control of TeleSign by BICS, that was reallocated in 2021 to BICS and TeleSign, as explained here above.

The carrying amount of the goodwill is allocated to the operating segments as follows:

(EUR million)	As at 31 December	
	2020	2021
Domestic	2,074	2,188
International Carrier Services	252	298
TeleSign	139	102
Total	2,465	2,588

Results Goodwill Impairment Test

TeleSign and North Atlantic Acquisition Corporation announced in December 2021 they had entered into a business combination agreement with the intention to go public. The transaction is expected to be closed in 2022. TeleSign Enterprise Value considered in this future transaction amounts to \$ 1.3 billion. This value, less costs of disposal, was considered by the Group as the entity's recoverable amount for the purpose of testing for impairment the goodwill allocated to TeleSign.

TeleSign fair value less costs to sell was categorised within Level 3 of fair value hierarchy, as resulting from a valuation technique for which all inputs, which have a significant effect on the recorded fair value, are not based on observable market data. The fair valuation of the entity resulted from negotiations between the parties concerned and was further substantiated by a valuation based among others, on trading multiples of TeleSign listed peers. Commonly used equity multiples in the CPaaS and Digital Identity space include Enterprise Value on revenue and/or gross profit.

The recoverable amount of the other operating segments was estimated based on their value in use obtained through a discounted free cash flow model. The key variables used in determining the value in use are:

- The operating income before depreciation and amortization for Domestic and the direct margin for BICS.
- The capital expenditures.
- The long-term growth rate.
- The post-tax weighted average cost of capital.

Domestic operating income before depreciation and amortization is highly sensitive to following operational parameters: number of customers by type of service (TV, fix,...), traffic (if applicable), net ARPU by customer for each type of service and manpower unit cost. The value attached to these operational parameters is the result of an internal process, conducted throughout the segment and at group level, by confronting data from the market, market perspectives, and the strategies the Group intends to implement to be adequately prepared for upcoming challenges.

BICS direct margin is highly sensitive to the voice and messaging business to the transaction volumes together with mobile network termination prices and market prices for terminating the traffic per country, and for the mobility and capacity products, to the pricing.

The calculation of the operating segments value in use are based on the Five-Year Plan (2022 to 2026), as presented by the management to the Group Board of Directors. Subsequent years were extrapolated based on a growth rate of 0.4% for Domestic and 0.0% for BICS. Domestic growth rate for subsequent years corresponded to the blended growth rates considered in the impairment test performed in 2020 for the operating segments now regrouped under the Domestic segment. The growth rates for the different segments were within the range of 0.0% and 1.0% in 2020.

The free cash flows considered for calculating the value in use are estimated for the concerned assets in their current condition and exclude the cash inflows and outflows that are expected to arise from any future restructuring to which the Group is not yet committed and from improving or enhancing the assets performance.

The Five-Year Plan assumes no or almost no impact any more from Covid.

The Free cash flows of each operating segment were discounted with specific post-tax weighted average cost of capital. The estimation of these weighted average costs of capital takes into consideration:

- The specificities of the operating segments activities which were different enough from one segment to another to justify separate calculations.
- The relative weight of their capital structure components and include a risk premium specific to their inherent risks.

- Other risks, such as the country risk, market risk & industry risk (and how the Group compares to the other companies in the same country and industry), the credit risk and the company size risk. These latest risks are captured in the weighted average cost of capital, through the careful selection of a risk-free interest rate, a beta, a market risk premium and a credit spread attached to the entity.

The calculated post-tax weighted average costs of capital for the operating segments were:

- Domestic: 3.65% in 2021 and 4.23% in 2020
- BICS: 7.73% in 2021 and 7.99% in 2020

The operating segments respective weighted average pre-tax costs of capital, derived from the post-tax weighted average cost of capital via an iterative method, were comprised between 5.2% and 8.9% in 2021 and 5.6% and 5.7% in 2020. The range of pre-tax costs of capital did not include BICS in 2020. The Group reviews annually the growth rate and the weighted average costs of capital in the light of the market economics.

The reliability of the impairment test outcome also depends on the accuracy of the budgeting exercises on which it is based. The Group's Five-Year Plan represents management's view of the most likely scenario, based on its understanding of the evolution of the business and the company's long-term strategy.

The comparison of the values budgeted in 2020 for the 2021 operating income before depreciation and amortization for Domestic and the direct margin for BICS with the actual figures led to the conclusion that the estimates were realistic or even slightly conservative.

None of the goodwill was impaired at 31 December 2021.

A sensitivity analysis performed on the WACC and the growth rate in the terminal value taken separately (-0.5% / +0.5%) did not reveal any impairment risk.

Note 4. Intangible assets with finite useful life

(EUR million)	Licenses	Customer base & trade name	TV rights	Fixed&Mobile network	Software applications	Other intangibles and Intangibles under construction	Total
Cost							
As at 1 January 2020	391	919	363	424	2,138	39	4,273
Additions	13	0	114	67	223	8	425
Derecognition	0	0	-136	-10	-65	1	-210
Reclassifications	0	-10	0	-4	6	11	3
Foreign exchange adjustment	0	-7	0	0	0	0	-8
As at 31 December 2020	404	901	341	476	2,301	59	4,483
Additions	23	0	156	77	253	15	523
Acquisition of subsidiary	0	27	0	0	12	1	40
Derecognition	0	-2	-97	-18	-43	25	-134
Reclassifications	0	0	1	31	-4	-1	27
Effect of movements in foreign exchange	0	7	0	0	1	0	8
As at 31 December 2021	427	934	401	566	2,521	98	4,946
Accumulated amortization and impairment							
As at 1 January 2020	-263	-705	-253	-308	-1,650	-14	-3,193
Amortization charge for the year	-33	-52	-117	-44	-204	-5	-456
Derecognition	0	0	136	9	65	0	210
Reclassifications	0	10	0	2	-2	-10	0
Foreign exchange adjustment	0	2	0	0	0	0	3
As at 31 December 2020	-296	-745	-234	-341	-1,791	-29	-3,435
Amortization charge for the year	-30	-52	-134	-51	-211	-11	-489
Impairment	0	0	0	0	-1	0	-1
Acquisition of subsidiary	0	0	0	0	-8	0	-8
Derecognition	0	2	97	17	42	-25	132
Reclassifications	0	0	2	-28	1	-2	-27
Foreign exchange adjustment	0	-3	0	0	-1	0	0
As at 31 December 2021	-326	-797	-269	-404	-1,969	-68	-3,833
Carrying amount as of 31 December 2020	108	157	107	135	510	30	1,047
Carrying amount as of 31 December 2021	101	137	133	162	551	30	1,113

The GSM and UMTS licenses acquisition value include the costs related to the Global System for Mobile communication ("GSM") and Universal Mobile Telecommunication System ("UMTS").

The Group possesses the following licenses in Belgium:

Year of acquisition	Description	Acquisition value	Net book value	Period	Payment method	Start of Amortization
(EUR million)						
1998	ILT 2238	2	0	1998 -	completed	01/01/1998
2015	900 MHz spectrum	75	0	2015-2021	over the period	08/04/2015
2021	900 MHz spectrum	15	3	2021-2022	completed	15/03/2021
2001	UMTS	150	0	2001-2021	completed	01/06/2004
2021	UMTS	7	2	2021-2022	completed	15/03/2021
2011	4G	20	7	2012-2027	completed	01/07/2012
2013	800 Mhz spectrum	120	71	2013-2033	over the period	30/11/2013
2014	900 MHz spectrum	16	0	2015-2021	over the period	27/11/2015
2019	800 Mhz sepctrum	2	1	2019-2027	bi-annual	01/01/2019
2019	900 MHz spectrum	2	1	2019-2027	bi-annual	01/01/2019
2019	1800 Mhz spectrum	2	1	2019-2027	bi-annual	01/01/2019
2019	2100 Mhz spectrum	2	1	2019-2033	bi-annual	01/01/2019
2019	2600Mhz spectrum	1	0	2019-2027	bi-annual	01/01/2019
2020	800Mhz spectrum	6	5	2020-2035	upfront+yearly	01/10/2020
2020	3600Mhz spectrum	8	7	2020-2035	upfront+yearly	01/10/2020
Total		427	101			

Intangible assets acquired in a business combination relate to customer bases, trade names and patents recognized mainly as a result of the purchase price allocation performed when the Group acquired control over BICS and TeleSign. Following the businesses combination in 2021 with Mobile Vikings, the Group recognized the fair value of its customer base and brand for EUR 27 million.

In 2021 the Group acquired TV rights for an amount of EUR 156 million mainly broadcasting rights. In July 2020 Proximus and Eleven entered into an agreement whereby Proximus acquired the right to broadcast to its customers Eleven's Pro League specific channels (national). The contract was signed for a duration of 5 years. The contract with Eleven related to international football events was extended until 2025. An intangible asset is capitalized for the broadcasting rights related to the season 2021/2022. Future payment commitments related to future seasons are disclosed as capital expenditures commitments in the note 34.

Note 5. Property, Plant and Equipment

(EUR million)	Land and buildings	Fixed Network	Mobile Network	Network for converged services	Technical equipment	Other tangible assets and assets under construction	Total
Cost							
As at 1 January 2020	546	8,421	1,415	33	1,552	287	12,254
Additions	7	421	57	8	113	22	628
Derecognition	-8	-206	-21	0	-140	-12	-388
Reclassifications	-6	-1	2	1	28	-26	-3
As at 31 December 2020	538	8,634	1,453	43	1,553	270	12,490
Additions	6	553	82	6	100	9	756
Acquisition of subsidiary	0	0	0	0	1	-1	0
Derecognition	-3	-95	-5	-1	-303	-2	-407
Reclassifications	0	-1	6	-11	-10	-12	-27
Exchange adjustment	0	0	0	0	1	0	1
As at 31 December 2021	541	9,091	1,535	37	1,342	265	12,812
Accumulated depreciation							
As at 1 January 2020	-311	-6,300	-1,005	-15	-1,254	-241	-9,127
Depreciation charge for the year	-20	-316	-117	-5	-113	-8	-579
Derecognition	7	206	21	0	139	12	385
Reclassifications	2	0	0	-1	-1	0	0
As at 31 December 2020	-322	-6,409	-1,101	-21	-1,229	-238	-9,320
Depreciation charge for the year	-17	-321	-141	-6	-122	-7	-614
Acquisition of subsidiary	0	0	0	0	-1	0	-1
Derecognition	2	95	5	1	304	2	408
Reclassifications	0	1	0	2	24	0	27
As at 31 December 2021	-337	-6,634	-1,237	-24	-1,025	-244	-9,500
Carrying amount as of 31 December 2020	216	2,225	352	22	323	32	3,169
Carrying amount as of 31 December 2021	204	2,457	298	13	316	22	3,311

The carrying amount of tangible fixed assets increased by EUR 142 million to EUR 3,311 million, mainly driven by the strong ramp-up of fiber deployment, the start of the Mobile network upgrade and consolidation, and the increase of investments in IT Transformation, supporting the Group growth and efficiency ambitions.

Per December 2021 the gross carrying amount of fully depreciated property, plant and equipment that is still in use amounts to EUR 6,820 million. Note that the major part is related to technical and network equipment.

Note 6. Leases

The Group leases several assets including buildings (offices, shops, technical rooms, ...), mobile sites (i.e., facilities to install mobile communication equipment) and fleet (management & utility cars). These leases generally have lease terms between 4 and 15 years. The average lease term is 9 years.

The carrying amounts of right-of-use assets recognized and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Total
As at 1 January 2020	153	93	54	6	307
New contracts	11	6	14	0	31
Depreciations	-26	-29	-23	-4	-82
Contract modifications/disposals/reassessments	7	20	0	2	29
As at 31 December 2020	145	91	45	4	285
New contracts	5	6	21	2	34
Depreciations	-25	-33	-22	0	-80
Contract modifications/disposals/reassessments	10	25	-1	0	34
As at 31 December 2021	135	89	43	7	274

In 2020 the contract modifications are mainly related to mobile sites contracts. For the buildings the modifications are linked to the extension of the Courcelles warehouse contract.

In 2021 the mobile site contracts continue to be extended. As a result of the digitalization process, the number of stores has further decreased, while other building contracts were extended. Car contracts are generally not extended but replaced by new contracts.

The carrying amounts of lease liabilities and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Sub-leases	Total
As at 1 January 2020	148	91	54	7	8	307
New contracts	11	6	14	0	0	31
Contract modifications/disposals/reassessments	11	15	0	1	1	28
Interest expense	1	1	0	0	0	2
Reimbursements	-27	-30	-24	-4	0	-84
As at 31 December 2020	144	83	44	5	8	284
New contracts	5	6	21	2	0	34
Contract modifications/disposals/reassessments	10	24	1	1	0	35
Interest expense	1	1	0	0	0	2
Capital Reimbursements	-25	-28	-24	-3	0	-80
Interests Reimbursements	-1	-1	0	0	0	-2
As at 31 December 2021	134	85	42	5	8	273
Current portion	23	23	19	2	3	69
Non current portion	111	62	24	3	5	204

There is no material cash outflow in 2021 relating to leases that have not commenced on 31 December 2021.

(EUR million)	2020	2021
The following are the amounts recognized in profit or loss:		
Depreciation	-82	-80
Interest expenses	-2	-2
Total	-84	-82
The Group had total cash outflows for leases of		
Repayment of lease liabilities (cash out for financing activities)	-82	-79
Interest expenses (in the operating cash flow)	-2	-2
Total	-84	-82

The maturity table of the undiscounted expected future cashflows to the lease liabilities are disclosed below:

As at 31 December 2020 (EUR million)	2021	2022	2023	2024	2025	2026	2027- 2048	Total
Undiscounted lease payments	71	55	44	32	25	19	50	296
As at 31 December 2021								
Undiscounted lease payments		71	54	41	31	24	60	281

Note 7. Contract cost

Contract costs include mainly the asset recognized in relation to commissions paid to dealers for the acquisition of post-paid contracts. These costs directly related to contracts, are incurred only because the Group entered into contracts and are expected to be recovered over the contract duration. Contract costs include also the expenses activated to ensure the matching principle with revenue. These activated expenses are taken to profit and loss at the same pace as the recognition of the related revenue.

For commissions related to the acquisition of mobile prepaid customers, the Group applies the practical expedient provided for in IFRS 15, allowing to expense as incurred incremental costs to obtain a contract if otherwise would have been deferred over one year or less.

The asset is deferred on a straight-line basis over 3 years for contracts belonging to residential market and 5 years for the enterprise market. The deferral of these costs is recognized according to their nature being 'cost of material and services related to revenue'.

Movements on contract costs are as follows:

(EUR million)	As at 31 December	
	2020	2021
Balance as at 1 January	113	108
Decrease/ Increase in contract assets relating to existing contracts in the opening balance		
Normal evolution	-68	-66
New contract costs	63	68
Balance as at 31 December	108	110

The portion of the balance as at 31 December 2020 and 2021 of the contract costs deferred less than one year and deferred more than one year are as follows:

(EUR million)	As at 31 December	
	2020	2021
Contract costs	108	110
Deferred within 12 months	55	55
Deferred beyond 12 months	54	55

Note 8. Investments in subsidiaries, joint operations, joint ventures and associates

Note 8.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	2020	2021
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium	Mother company	
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxemburg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931.965	Belgium	100%	100%
Proximus Media House (PmH)	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT	The Netherlands	100%	100%
Proximus Luxembourg SA	18 rue du Puits Romain 8070 Bertrange	Luxemburg	100%	100%
Proximus ICT SA	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium (2)	100%	100%
Proximus ICT - Expert Community CVBA	Ferdinand Allenstraat 38 3001 Heverlee VAT BE 0841.396.905	Belgium	82%	100%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861.585.672	Belgium	100%	100%
Be-Mobile SA	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0881.959.533	Belgium	93%	93%
Mediamobile Nordic OY	Ayritie 8B 01510 Vantaa, Finland FI 23364202	Finland	100%	100%
Mediamobile SA	Rue du Gouverneur Général Eboué 24 F-92130 Issy Les Moulineaux	France	100%	100%
Flitsmeister BV	Landjuweel 24 3905 PG Veenendaal	The Netherlands	93%	93%
Cascador BV	Kardinaal Mercierlaan 1, bus A 9090 Melle VAT BE 0648 964 048	Belgium	100%	100%

Name	Registered office	Country of incorporation	2020	2021
Scarlet Belgium NV	Carlstraat 2 1140 Evere VAT BE 0447.976.484	Belgium	100%	100%
Clearmedia NV	Merksemsesteenweg 148 2100 Deurne VAT BE 0831.425.897	Belgium	100%	100%
Davinsi Labs NV	Borsbeeksebrug 28/2verd 2600 Antwerpen VAT BE 0550.853.793	Belgium	100%	100%
Unbrace BV	Merksemsesteenweg 148 2100 Deurne VAT BE 0867.696.771	Belgium (3)	100%	0%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor , Lislet, Geoffrey Street Port Louis 1112-07	Mauritius (1)	58%	100%
Belgacom International Carrier Services SA	Bld du Roi Albert II 27 1030 Brussels VAT BE 0866.977.981	Belgium (1)	58%	100%
Belgacom International Carrier Services Deutschland GMBH	Eichweisenring 11 70567 Stuttgart	Germany (1)	58%	100%
Belgacom International Carrier Services UK Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom (1)	58%	100%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 173, unit 41 32 3072 AP Rotterdam	The Netherlands (1)	58%	100%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801 Willington Delaware	United States (1)	58%	100%
Belgacom International Carrier Services Asia Pte Ltd	80 Robinson Road #02-00 Singapore 068898	Singapore (1)	58%	100%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211 Lisboa	Portugal (1)	58%	100%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121 Milano	Italy (1)	58%	100%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28034 Madrid	Spain (1)	58%	100%
Belgacom International Carrier Services Switzerland AG	Gesellschaftsstrasse 27 3001 Bern	Switzerland (1)	58%	100%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	58%	100%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	58%	100%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 Tsukiji 4 - Chome - Chuo-ku Tokyo 104-0045	Japan (1)	58%	100%

Name	Registered office	Country of incorporation	2020	2021
Belgacom International Carrier Services China Ltd	Hopewell Centre - Level 54 183, Queen's road East Hong Kong	China (1)	58%	100%
Belgacom International Carrier Services Ghana Ltd	20 Jones Nelson Road, Adabraka, PO Box GP 821 Accra	Ghana (1)	58%	100%
Belgacom International Carrier Services Australia Pty Ltd	1 Margaret Street - Level 11 Sydney NSW 2000 Australia	Australia (1)	58%	100%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premises 306 - Floor 03- Building 02 -PO box 502307 Dubai	United Arab. Emirates (1)	58%	100%
Belgacom International Carrier Services South Africa Proprietary Ltd	Central Office Park n°5 257 Jean Avenue, Centurion Gauteng 0157	South Africa (1)	58%	100%
Belgacom International Carrier Services Kenya Ltd	5th Floor, West Wing, ICEA Lion Center Riverside Park, PO Box 10643 00100 Nairobi	Kenya (1)	58%	100%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris	France (1)	58%	100%
Belgacom International Carrier Services Malaysia	Level 6, Menara 1 Dutamas Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur No. 202001015524 (1371844-D)	Malaysia (1)	58%	100%
TeleSign Holdings Inc	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	58%	100%
TeleSign Corporation	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	58%	100%
TeleSign UK	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Mobile Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Doo	Tresnjnog cveta 1 11070 Novi Beograd	Serbia	58%	100%
TeleSign Netherlands B.V.	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Singapore Pte. Ltd.	1 Robinson Road, #17-00 AIA Tower Singapore (048542)	Singapore	58%	100%
TeleSign (Beijing) Technology Co., Ltd.	Office 1551, 15/F, Office Building A, Parkview Green, 9 Dongdaqiao Road, Chaoyang District Beijing 100020	P.R. China	58%	100%
Codit Holding BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 662.946.401	Belgium	100%	100%
Codit BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0471.349.823	Belgium	100%	100%

Name	Registered office	Country of incorporation	2020	2021
Codit Switzerland AG	The Circle 6 8058 Zurich VAT CHE-335.776.516	Switzerland	100%	100%
Codit Integration Ltd.	Landmark House, Station Road RG27 9HA Hook (Hampshire) VAT GB 241.5781.10	United Kingdom	100%	100%
Codit Managed Services BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0835.734.875	Belgium	100%	100%
Codit Mare Limited	International House, Mdina Road BKR 3000 Mriehel C55412	Malta	100%	100%
Codit Nederland B.V	Atoomweg 350, 3542AB Utrecht	The Netherlands	100%	100%
Votijnit Lda. (Codit Portugal)	Rua de Igreja n° 79-Aveiro Business Center N Senhora de Fatima 3810-744 Aveiro NIPC 510.595.251	Portugal	100%	100%
Codit Software Limited	International House, Mdina Road BKR 3000 Mriehel C64225	Malta	100%	100%
Codit France S.A.S.	18, Boulevard Malesherbes 75008 Paris 08 VAT FR 0478.300.189	France	100%	100%
UMBRiO Holding BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands	100%	100%
Mobile Vikings NV	Kempische Steenweg 309 - box1 3500 Hasselt VAT BE 0886,946,917	Belgium (4)	0%	100%

(1) Entity of BICS Group

(2) Previously named Proximus Spearit SA

(3) Entity merged with Codit BV

(4) Entity acquired in 2021

Note 8.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

In February 2021 the Group acquired 42.4% minority interest in BICS from MTN and Swisscom. As Proximus already controlled BICS before this transaction, the negative difference between the consideration paid (EUR 217 million) and the carrying value of non-controlling interests (EUR 126 million) has been recorded as a deduction from the shareholder's equity attributable to the parent.

Minority shareholders hold 7.26% non-controlling interest in Be-Mobile. The Group granted those minority shareholders a put option on their interests and holds a call option under the same conditions and the same price. The Group recorded a gross debt up to the expected exercise price of the put option. This financial liability is valued at the fair value through P&L.

In July 2021 the Group concluded a new shareholder's agreement with Be-Mobile, which led to a remeasurement of the put option (increase from EUR 1 million to EUR 3 million), due to the change in the methodology for calculating the exercise price of the put option awarded to former non-controlling interest. As was the case in the previous agreement, Proximus has a call option on these shares, with the same exercise conditions as the put option.

Note 8.3. Investments in joint operations

The Group has a material joint operation in Mwingz located Bld Simon Bolivar 34 in 1000 Brussels (VAT BE 0738 987 372). In November 2019, Proximus and Orange Belgium entered into a strategic agreement to share a part of their mobile access networks. The shared mobile access network is planned, built and operated by this joint company, owned 50/50 by Proximus and Orange Belgium which started its services to the shareholders in April 2020. The agreement is based on the following principles:

- The operators contractually share control of the agreement, i.e. decisions about the relevant activities require unanimous consent of the parties.
- Mwingz exclusively delivers services to the parents.

In its consolidated financial statements, the Group accounts Mwingz as a joint operation and recognizes its share in the assets and liabilities based on its ownership interest and its share in Mwingz costs from third parties. Revenues from the sale of joint operation services to Proximus and Orange Belgium are eliminated.

Note 8.4. Investments in joint ventures and associates

The Group had interests in the following joint ventures and associates:

Name	Registered office	Country of incorporation	Group's participating interests	
			2020	2021
Belgian Mobile ID SA/NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 541.659.084	Belgium	15%	15%
Synductis CV	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium	17%	17%
Experience@work CV	Minderbroedersgang 12 2800 Mechelen VAT BE 627.819.632	Belgium	30%	30%
Tessares SA/NV	Avenue Jean Monnet 1 1348 Ottignies-Louvain-la-Neuve VAT BE 600.810.278	Belgium	23%	23%
Co.station Belgium NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 599.786.434	Belgium	20%	20%
Fiberklaar Midco BV	Raymonde de Larochelaan 13 9051 Sint-Denijs-Westrem VAT BE 760.489.106	Belgium	50%	50%
Fiberklaar BV	Raymonde de Larochelaan 13 9051 Sint-Denijs-Westrem VAT BE 760.540.475	Belgium	50%	50%
I.Leco NV	Kleinhoefstraat 6 2440 Geel VAT BE 471.967.356	Belgium (4)	0%	38%
Belgian Parking Register NV	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0778.406.687	Belgium (4)	0%	50%
Unifiber Midco SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.814.647 RPR/RPM	Belgium (4)	0%	50%
Unifiber SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.870.372 RPR/RPM	Belgium (4)	0%	50%
Ads&Data	Harenssesteenweg 226 1800 Vilvoorde VAT BE 0809.309.701	Belgium (4)	0%	50%

(4) Entity acquired in 2021

As part of the Delta Fiber agreement for the northern part of Belgium, a new entity named Nexus Midco BV was set up in December 2020, with the aim of designing, building, and maintaining that network. The name of the entity was changed in the first quarter to Fiberklaar Midco BV, and Proximus contributed EUR 30 million in cash to its capital. Proximus owns 49.9% of the entity, which is accounted for under the equity method.

The fiber partnership for the southern part of Belgium was cleared by the European authorities in July 2021 and the new entity Unifiber was immediately created. Proximus contributed EUR 10 million in cash to its capital and owns 49.99% of the entity. Unifiber is also accounted for under the equity method.

Per 31 December 2021, the aggregate information on all individually immaterial associates is as follows:

(EUR million)	2020	2021
Carrying amount	0	34
Loss of continuing operations	-1	-10

Note 8.5. Acquisitions and disposal of subsidiaries, joint ventures and associates

Acquisitions in 2021

Mobile Vikings

Following the positive decision of the Belgian competition authority in June 2021, the Group acquired in June 2021 a 100% stake in Mobile Vikings NV for an amount of EUR 128 million net of cash acquired.

The completion of the purchase price allocation led to the recognition, at their acquisition-date fair value, of non-current assets, consisting of the customer base and the brand, for an amount of EUR 27 million. The carrying amount of the other assets acquired and liabilities assumed correspond to their acquisition date fair values.

As a result, the group recognized a goodwill of EUR 114 million.

The fair value of the identifiable assets and liabilities of Mobile Vikings as at the date of acquisition is detailed as follows (in Million Euro):

	Fair Value recognized at acquisition
Intangible assets with finite useful life	31
Deferred income tax assets	1
Trade receivables	6
Investments and cash and cash equivalents	24
Total assets	63
Deferred income tax liabilities	-7
Trade payables	-15
Income tax payables	-1
Other current payables & other amounts payables	-2
Total non-controlling interests and liabilities	-24
Net assets acquired	39
Consideration	153
Goodwill from acquisition	114
Consideration paid	153
Net cash acquired of the subsidiary (after deduction of loan)	24
Net cash outflow	128

The “cash paid for acquisition of consolidated companies net of cash acquired” in the Cash Flow Statement reported as “cash flow from investing activities” amounts to EUR 130 million. EUR 2 million relates to earn outs paid for other historical acquisitions.

Control in BICS/TeleSign

The Group held until February 2021, 57.6% of the BICS/TeleSign shares and 57.6% of the voting rights to the BICS shareholders' meeting. The Group concluded that it controlled BICS/TeleSign thanks to the decision-making rules and deadlock procedures foreseen in the shareholders' agreement in force as from 1 January 2010.

In accordance with the agreement entered on 9 February 2021 Proximus acquired on 23 February 2021 the 42.4% stake from the minority shareholders of BICS/TeleSign, (MTN 20% and Swisscom 22.4%) for a total cash consideration of EUR 217 million and owns now 100% of the shares.

This EUR 217 million is reported in the cash flow statement as Cash used for financing activities.

Fiberklaar and Unifiber

Proximus and DELTA Fiber signed a partnership agreement in March 2021 with a view to ramping up the roll-out of fiber in Flanders. Proximus owns 49.9% of Fiberklaar, which is accounted for under the equity method (see note 8.3).

In July 2021, the same project was developed in Wallonia thanks to the creation of the joint venture Unifiber, which is created through a partnership between Proximus and Eurofiber. Proximus owns 49.99% of Unifiber, which is accounted for under the equity method (see note 8.3).

The "cash paid for acquisition of other participating interests" reported in the net cash used in investing activities includes EUR 40 million for Fiberklaar and Unifiber and EUR 4 million for investments in other associates.

Acquisitions in 2020

In April 2020, Mwingz a joint company, owned 50/50 by Proximus and Orange Belgium started its services to its shareholders (see note 8.3).

Note 9. Equity investments measured at fair value

At 31 December 2021 and 2020, the group held participating interests in non-quoted companies, the fair value of which was inferior to € 1 million.

The group elected to classify at initial recognition these interests at fair value through other comprehensive income as they are not held for a purpose of trading but acquired with a long-term strategic view.

Note 10. Income taxes

(EUR million)	As at 31 December	
	2020	2021
Accelerated depreciation	-60	-45
Fair value adjustments on acquisition	-35	-33
Statutory provision not retained under IFRS	-6	-7
Remeasurement of financial instruments to fair value	-1	-2
Deferred taxation on sales of property, plant and equipment	-8	-7
Post-employment, termination and other benefits	0	-7
Deferred taxation on contract assets & contract costs	-52	-56
Other	-4	-2
Gross deferred income tax liabilities	-166	-159
Fair value adjustment on fixed assets	14	12
Post-employment, termination and other benefits	30	0
Tax losses carried forward	6	3
Provisions for liabilities and charges	11	12
Other	2	2
Gross deferred income tax assets	63	29
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-115	-136
Net deferred income tax asset	12	6
The movements in 2021 of the deferred tax position are as follows		
(EUR million)		
As at 31 December 2020		-103
Decrease as the result of the purchase price allocation		-6
Decrease recognized through other comprehensive income		-32
Increase recognized in income statement		12
As at 31 December 2021		-129
The movements in 2020 of the deferred tax position are as follows:		
(EUR million)		
As at 31 December 2019		-95
Decrease recognized through other comprehensive income		6
Increase recognized in income statement		-15
As at 31 December 2020		-103

The 2021 deferred tax expense in the profit or loss is mainly the consequence of the accelerated depreciation of some network components and the annual declining depreciation method on the tangible assets and broadcasting intangible assets acquired in 2018 and 2019 applied by Proximus SA in BGAAP. This expense is partially offset by the decrease of the deferred tax liability on fair value adjustments on acquisitions.

The deferred income tax assets on fair value adjustment of fixed assets relate mainly to the elimination of the gain resulting from the intercompany sale at fair value of certain fixed assets.

Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses carried forward and tax deductions available for such companies amounted to EUR 50 million at 31 December 2021 (EUR 25 million in 2020) of which EUR 39 million has no expiration date and EUR 10 million has an expiration date after 2023.

In the income statement, deferred tax income/ (expense) relate to the following:

(EUR million)	Year ended 31 December	
	2020	2021
Accelerated depreciation	-21	14
Fair value adjustments on acquisition	12	10
Remeasurement of financial instruments to fair value	-1	-4
Deferred taxation on sales of property, plant and equipment	3	1
Fair value adjustment on fixed assets	-2	-2
Post-employment, termination and other benefits	0	-2
Tax losses carried forward	1	-4
Contract assets and contract cost	-5	-4
Other	-3	3
Deferred tax expense of the year	-15	12

The consolidated income statement includes the following tax expense:

(EUR million)	As at 31 December	
	2020	2021
Current income tax		
Current income tax expense	-160	-149
Deferred income tax	-15	12
Income tax expense reported in consolidated income statement	-174	-137

The reconciliation of income tax expense at the statutory income tax rate to income tax expense at the group's effective income tax rate for each of the two years ended is as follows:

(EUR million)	2020	2021
Income before taxes	756	581
At Belgian statutory income tax rate of 25%	189	145
Non-taxable income from subsidiaries	-23	-20
Non-deductible expenditures for income tax purposes	10	10
Non-deductible losses from subsidiaries	1	7
Other	-3	-6
Income tax expense	174	137
Effective income tax rate	23.04%	23.51%

The 2021 effective income tax rate amounts to 23.51% which is higher compared to the effective income tax rate of 23.04% in 2020. This mainly results from the loss of deferred tax assets on the tax losses carried forward of group entities.

The non-taxable income from subsidiaries mainly relates to the application of general principles of tax law such as the patent- and innovation income deduction applicable in Belgium.

The 2021 non-deductible expenditures for income tax purposes primarily relate to various expenses that are disallowed for tax purposes.

Note 11. Assets and liabilities for pensions, other post-employment benefits and termination benefits

The Group has several plans that are summarized below:

(EUR million)	As at 31 December	
	2020	2021
Termination benefits and additional compensations in respect of restructuring programs	209	140
Defined benefit plans for complementary pension plans net liability / (net asset)	67	-79
Other pension plans	0	1
Post-employment benefits other than pensions	368	365
Net asset recognized in the balance sheet	0	79
Net liability recognized in the balance sheet	645	508
Net liability (current)	86	62
Net liability (non-current)	559	447

The calculation of the liability is based on the assumptions established at the balance sheet date. The assumptions for the various plans have been determined based on both macro-economic factors and the specific terms of each plan relating to the duration and the beneficiary population.

The discount rate used for the valuation of pension plans, other post-employment benefit plans and termination benefits is based on the yield of Eurozone high quality corporate bonds with a duration matching the duration of such plans.

The cash flow increase resulting from the liability for pensions, other postemployment and termination benefits reported in the net cash flow from operating activities results from lower payment in 2021 vs 2020 for the early leave plan and fit for purpose plan.

Note 11.1. Termination benefits and additional compensations in respect of restructuring programs

Termination benefits and additional compensations included in this chapter relate to employee restructuring programs. No plan assets are accumulated for these benefits.

In 2007, the Group implemented a voluntary external mobility program to the Belgian State for its statutory employees and a program for unfit statutory employees. Under the terms of this plan, the Group will pay benefits until retirement date of the participant.

In 2016, the Group implemented a voluntary leave program allowing for early termination from the age of 60 (or 58 for a small group). For certain participants to the early leave restructuring plan, benefits are paid from the age of 60 until the earliest retirement date. For those entering in the plan before the age of 60 and therefore required to render service until 60, the cost of the plan was recognized for the period of service still to be delivered between the moment of entering in the program and 60. The cost evolves with the index. Discount rate and turnover are assumed to be zero.

In 2019, Proximus launched its Fit for Purpose (FFP) transformation plan. An analysis based on the company's future challenges has led to the identification of areas of activity that either are being modified or that are disappearing. In this context, 1,347 FTEs were leaving Proximus. The provision for termination benefits (EUR 288 million) was entirely booked in 2019 as a result of a detailed and formal communication to those affected by the plan and as these benefits were not conditional to future service. The provision includes all benefits that are paid to the participants either at dismissal date or until earlier pensionable date. The provisions also include outplacement costs. The costs of reskilling and upskilling of employees are not included in the provision. The long-term part of the provision relates to the payments to be made after more than one year (mainly until pensionable date). This evolves with the index. The staff turnover assumption is considered to be zero in the calculation. The provision has been reduced by EUR 27 million in 2020 and by EUR 1 million in 2021.

Any subsequent re-measurement of the liability for termination benefits and additional compensations is recognized immediately in the profit or loss.

The funded status of the plans for termination benefits and additional compensations is as follows :

(EUR million)	As at 31 December	
	2020	2021
Benefit Obligation	209	140
Benefit obligation in excess of plan assets	209	140

The movement in the net liability recognized in the balance sheet is as follows :

	As at 31 December	
	2020	2021
At the beginning of the year	447	209
Total expense for the period	-30	-3
Payment to the participants	-208	-66
At the end of the year	209	140

The liability for termination benefits and additional compensations was determined using the following assumptions:

(EUR million)	As at 31 December	
	2020	2021
Discount rate	0%	0%
Future price inflation	2.00%	2.15%

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR 2 million.

The Group expects to pay an amount of EUR 46 million for termination benefits and additional compensations in 2022. The payments in 2021 amounted to EUR 65 million.

Note 11.2. Defined contribution and benefit plans for complementary pensions

Defined benefit plans of Proximus SA and some subsidiaries

Proximus SA and some of its Belgian subsidiaries offer defined benefit pension plans for their employees. These plans provide pension benefits, for services as of 1 January 1997 at the earliest. They provide benefits based on salary and years of service. They are financed through the Proximus Pension Fund, a legally separate entity created in 1998 for that purpose.

The financing method is intended to finance the current value of future pension obligations (defined benefit obligation – DBO) relating to the years of service already rendered in the company and taking into account future salary increase. The financing method is derived from calculations under IAS 19. The annual contribution is equal to the sum of the service cost, the net financial cost (interest cost on DBO minus the expected return on assets) and the amortization of the difference between the assets and the DBO exceeding 10% of the higher of the DBO or the assets. Therefore, the amount contributed may differ from the amount recognized in the income statement.

At 31 December 2021, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension regulation and applicable law regarding actuarial assumptions.

As for most of defined benefit plans, the pension cost can be impacted (positively or negatively) by parameters such as interest rates, future salary increases and inflation. These risks are not unusual for defined benefit plans.

For the complementary defined benefit pension plan, actuarial valuations are carried out at 31 December by external independent actuaries. The present value and the current service cost and past service cost are measured using the projected unit credit method.

The funded status of the pension plans is as follows :

(EUR million)	As at 31 December	
	2020	2021
Defined Benefit Obligation	837	825
Plan assets at fair value	-770	-904
Deficit / (surplus)	67	-79

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2020	2021
Current service cost - employer	52	52
Past service cost recognized	3	0
Recognized in the income statement	56	52
Remeasurements		
Actuarial losses from changes in financial assumptions	14	-40
Actuarial (gains) / losses arising from experience adjustments	3	-11
Actuarial (gains) / losses related to return on assets, excluding amounts included in the net interest cost	1	-95

Recognized in other comprehensive income	18	-146
Total	74	-93

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	Year ended 31 December	
	2020	2021
At the beginning of the year	46	67
Expense for the period recognized in the income statement	56	52
Remeasurement recognized in other comprehensive income	18	-146
Payment to the participants	-52	-52
Net deficit/ (Net surplus)	67	-79

Change in plan assets :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	729	770
Interest income	7	6
Return on assets, excluding amounts included in the net interest expense	-1	95
Payment to the participants	52	52
Benefits payments and expenses	-18	-20
At the end of the year	770	904

Change in the defined benefit obligation :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	776	837
Service cost	52	52
Interest cost	7	7
Past service cost - vested benefits	3	0
Benefits payments and expenses	-18	-20
Actuarial losses/ (gain)	17	-51
At the end of the year	837	825

The pension liability was determined using the following assumptions :

(EUR million)	As at 31 December	
	2020	2021
Discount rate	0.80%	1.05%
Future price inflation	1.90%	2.15%
Nominal future salary increase	3.10% - 3.40%	3.30%-3.40%
Nominal future baremic salary increase	3.00% - 3.05%	3.15%-3.30%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The turnover is considered in the calculation of the pension liability. For statutory employees it is assumed to be zero and for contractual employees is based on a degressive withdrawal rate based on the age.

The pension liability is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 14.4 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation and real salary increase. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 7% to 8%.

If the inflation rate increases (or decreases) by 0.25%, the defined benefit obligation would increase (or decrease) by around 3%. If the real salary increases (decreases) by 0.25%, the defined benefit obligation would increase (decrease) by around 5% to 6%.

Plan assets

The assets of the pension plans are detailed as follows:

(EUR million)	As at 31 December	
	2020	2021
Equity instruments	45.5%	49.8%
Debt instruments	38.2%	34.8%
Convertible bonds	6.3%	5.2%
Other (property, infrastructure, Private equity funds, insurance deposits)	10.0%	10.2%

The actual return on plan assets is as follows:

(EUR million)	As at 31 December	
	2020	2021
Actual return on plan assets	6	101

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (14.4 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2021 the portfolio was invested by about 49.8% in listed equities (in Europe, US and Emerging Markets), about 34.8% in fixed income (government bonds, corporate bonds, and senior loans) and about 5.2% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity, European non-listed real estate and cash. The actual implementation of the investments is outsourced to specialized asset managers.

Nearly all investments are done via mutual investment funds. Direct investments amount for less than 1% of the assets. Equity instruments, debt instruments and convertible bonds have quoted prices in active markets. The other assets, amounting for 10.0% of the portfolio are not quoted. The Pension Fund does not directly invest in Proximus shares or bonds, but it is not excluded that some Proximus shares, or bonds are included in some of the mutual investment funds in which the pension Funds invests.

The Proximus Pension Fund has taken a proactive approach about the inclusion of ESG criteria in its investment policy. As almost all investments are made through collective funds managed by external managers, this approach involves an ongoing dialogue with the managers, inviting them to take these criteria into account.

The Group expects to contribute an amount of EUR 50 million to the Proximus Pension Fund in 2022.

Other pension plans

The Group also operates another defined benefit plan with a more limited amplitude, being a Defined Benefit Obligation EUR 7 million and plan assets of EUR 6 million resulting in a net liability of EUR 1 million.

The Group operates some plans based on contributions for qualifying employees. For the plans operated abroad, the Group does not guarantee a minimum return on the contribution. For those operated in Belgium a guaranteed return is provided. All plans (operated in Belgium and abroad open and closed) are not material at Group level and do not present any net liability material for the Group.

Note 11.3. Post-employment benefits other than pensions

Historically, the Group grants to its retirees post-employment benefits other than pensions in the form of socio-cultural aid premium, train tickets and other social benefits including a subsidized hospitalization plan. There are no plan assets for such benefits.

The subsidy to the hospitalization plan is based on an indexed fixed amount per beneficiary.

The funded status of the plans is as follows :

(EUR million)	As at 31 December	
	2020	2021
Defined Benefit Obligation	368	365
Net liability recognized in the balance sheet	368	365

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2020	2021
Current service cost - employer	4	4
Interest cost	3	3
Expense recognized in the income statement, before curtailment, settlement and special termination benefits	7	7
Curtailment or settlement loss / (gain) and past service cost	2	0
Recognized in the income statement	9	7
Remeasurements		
Actuarial losses from changes in financial assumptions	5	6
Effect of experience adjustments	-4	-1
Recognized in other comprehensive income	1	4
Total	10	11

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	371	368
Expense for the period recognized in the income statement	9	7
Remeasurement recognized in other comprehensive income	1	4
Payment to the participants	-13	-14
At the end of the year	368	365

The liability for post-employment benefits other than pensions was determined using following assumptions :

	As at 31 December	
	2020	2021
Discount rate	0.75%	1.00%
Future cost trend (index included)	1.90%	2.15%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The liability for post-employment benefits other than pensions is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 14.4 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation, future cost trend and mortality. The sensitivity analysis has been performed based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the defined benefit obligation would decrease (or increase) by around 7% .

If the future cost trend increases (or decreases) by 1%, the defined benefit obligation would increase (or decrease) by around 13% to 16% and for 0.5% of change by 7%.

If a 1-year age correction would be applied to the mortality tables, the defined benefit obligation would change by around 4% to 5%.

The Group expects to contribute an amount of EUR 16 million to these plans in 2022.

Note 11.4. Other liabilities

The Group participates in a State Defined Benefit plan. On 31 December 2003, Proximus transferred to the Belgian State its legal pension obligation for its statutory employees and their survivors, in exchange of a payment of EUR 5 Billion to the Belgian State. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 and included an annual compensation mechanism to off-set certain future increases or decreases in the Belgian State's obligations as a result of actions taken by Proximus. Following a change in law (Program Law of 25 December 2017), as from 2018, the obligation to off-set stopped for the Belgian State.

Note 12. Other non-current assets

(EUR million)	Note	As at 31 December	
		2020	2021
Other derivatives	32.1	4	3
Other financial assets at amortized cost		20	20
Total		24	24

Other financial assets concern LT cash guarantees and LT receivables non-trade.

Note 13. Inventories

(EUR million)	As at 31 December					
	2020			2021		
	Gross amount	Written off	Net amount	Gross amount	Written off	Net amount
Raw materials, consumables and spare parts	36	-6	29	46	-6	40
Work in progress and finished goods	19	0	19	20	0	20
Goods purchased for resale	61	-4	58	75	-4	71
Total	116	-10	106	142	-10	132

The gross value of inventory amounts to EUR 142 million and consists mainly of following products: consumer purchased equipment (63%) and network materials (37%).

The most important subcategory within consumer purchased equipment are smartphones and its related accessories (38%), followed by equipment for internet and TV at home (decoders (20%), modems (13%), TV's (6%)).

Another part of the consumer purchased equipment stock is intended for the professional market: ICT (14%) and PABX (7%).

Note 14. Trade receivables and contract assets

14.1 Trade receivables

(EUR million)	As at 31 December	
	2020	2021
Trade receivables	868	879
Trade receivables - gross amount	967	977
Loss allowance	-99	-98

Trade receivables are amounts due by customers for goods sold or services performed in the ordinary course of business. Most trade receivables are non-interest bearing and are usually on 30-90 days terms. For TeleSign most customers have a 30-day term, with few exceptions which have a 60-day term. Terms are somewhat longer for the receivables of the International Carrier Services segment (BICS), since major part of its trade receivables relates to other Telco operators. Given the bilateral nature of BICS business, netting practice is very common, but this process can be quite long. The related netting agreements are not legally enforceable.

BICS business being rather volatile, therefore when analysing variances in the cashflow those related to trade receivables and trade payables should be considered together.

For the Domestic business, the netting payment is also applied with some other telecom operators.

For the years presented, no trade receivables were pledged as collaterals. In 2021, Proximus Group received bank and parent guarantees of EUR 2 million (in 2020, EUR 2 million) as securities for the payment of outstanding invoices.

14.2 Contract assets

(EUR million)	As at 31 December	
	2020	2021
Contract assets gross	118	127
Settled within 12 month of the reporting period	86	92
Settled after 12 month of the reporting period	32	35
Loss allowance	-7	-7
Contract assets net	111	120

The evolution of the gross amount of the contract assets during the year, can be explained as follows

(EUR million)	2020	2021
Balance at 1 Jan	103	118
Decrease in contract assets relating to existing contracts in the opening balance	-113	-131
Normal evolution	-98	-112
Anticipated termination	-15	-19
New contract assets	128	140
Balance at 31 Dec	118	127

14.3 Loss allowance on trade receivables and contract assets

The group applies the IFRS 9 simplified approach for measuring the expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets of residential and corporate markets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to a right to consideration in exchange of goods and services that have already transferred and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables of the residential and corporate markets are a reasonable approximation of the loss rates for the contract assets. These expected loss rates correspond to historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The group updated in the course of 2021 the expected credit loss for the outstanding trade receivables in the context of Covid-19 based on the same criteria as in 2020: the sector in which customers operate, the relationship with the customer and their respective ageing. This update had a very small impact on the bad debt provision.

For the BICS and TeleSign segments expected credit losses for trade receivables have been determined on individual basis considering different factors determining a credit scoring such as micro and macro-economic criteria as well as credit rating, country risk, customer history, possible compensation in order to net the risk and other internal and external sources.

The analysis of trade receivables that were past due but not impaired is as follows:

As at 31 December

As at 31 December					Past due					
(EUR million)	Gross receivables / contract assets	Allowance for doubtful debtors	Net carrying amount	Not past due	< 30 days	30-60 days	60-90 days	90-180 days	180-360 days	> 360 days
Trade receivables										
2019	1,084	-99	985	569	100	41	29	58	63	126
2020	967	-99	868	512	79	35	21	44	43	133
2021	977	-98	879	519	77	44	26	46	45	123
2021 % loss allowance on trade receivables			10%	2%	2%	4%	6%	15%	15%	34%
Contract assets										
Contract assets	127	-7	120	120						
2021 % loss allowance on contract asset			6%	6%						

The closing loss allowances for trade receivables and contract assets as at 31 December 2021 reconciles to the opening loss allowances as follows:

The evolution of the allowance for doubtful debtors is as follows:

(EUR million)	Trade receivables	Contract assets	Total
As at 31 December 2020	99	7	106
Increase in loss allowance through income statement	26	1	27
Receivables written off as uncollectible	-29	0	-29
Acquisition of subsidiary	2	0	2
Other movements	-1	0	-1
As at 31 December 2021	98	7	105

Note 15. Other current assets

(EUR million)		As at 31 December	
		2020	2021
VAT receivables		12	7
Derivatives	31.1	0	1
Prepaid expenses		113	109
Accrued income		2	2
Other receivables		12	22
Total		139	140

Prepaid expenses are mainly composed of ICT fees (EUR 67 million in 2021 versus EUR 74 million in 2020), renting expenses on real estate, software and mobile sites (EUR 8 million in 2021 versus EUR 11 million in 2020), SAAS contracts (EUR 4 million in 2021 versus EUR 2 million in 2020), hardware-, software- and infrastructure maintenance expenses (EUR 11 million in 2021 versus 11 million in 2020) and consultancy fees (EUR 3 million in 2021 versus 2 million in 2020).

Note 16. Investments

(EUR million)	Note	As at 31 December	
		2020	2021
Term account at amortized costs	32.4	3	0
Total		3	0

Investments include deposits with an original maturity greater than three months but less than one year.

Note 17. Cash and cash equivalents

(EUR million)	Note	As at 31 December	
		2020	2021
Term account at amortized costs	32.4	115	10
Cash at bank and in hand	32.4	195	239
Total		310	249

Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements of the Group, and earn or pay interest at the respective short-term deposit rates. Interest rates applied on cash with banks are floating as corresponding to the daily bank deposit rates.

The cash and cash equivalents are held with banks and financial institutions counterparties with a high long-term credit rating between A- and A+ with a minimum of A-. Therefore, the expected credit loss on cash and cash equivalents is deemed immaterial.

Note 18. Equity

Note 18.1 Shareholders' equity

At 31 December 2021, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Commercial Companies Code. The Board of Directors is empowered by article 13 of the Articles of Association to acquire the maximum number of own shares permitted by law. The price paid for these shares must not be more than five percent above the highest closing price in the thirty-day trading period preceding the transaction nor more than ten percent below the lowest closing price in that same thirty-day period. Said authorization is renewed and granted for a period of five years as of 21 April 2021.

Proximus SA has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as workforce expenses.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law reforming certain economic public companies, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning the corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease their participation below 50%. The General Shareholders Meeting of 2016 decided to change the bylaws in order to incorporate the amendments made to the 1991 Law.

On 31 December 2021, the number of treasury shares amounts to 15,283,771.

In 2021 and 2020, the Group sold respectively 6,438 and 3,092 treasury shares to its senior management for less than EUR 1 million under share purchase plans at a discount of 16.70% (see note 35).

In 2020, employees exercised 16,583 share options. To honor its obligation in respect of these exercises, Proximus used treasury shares (see note 35). All share options plans ended in 2020.

Number of shares (including treasury shares):	2020	2021
As at 1 January	338,025,135	338,025,135
As at 31 December	338,025,135	338,025,135
Number of treasury shares:	2020	2021
As at 1 January	15,042,626	15,335,109
Sale under a discounted share purchase plan	-3,092	-6,438
Purchase / (Sale) of treasury shares	312,158	-44,900
Exercise of stock option	-16,583	0
As at 31 December	15,335,109	15,283,771

Note 18.2 Non-controlling interests

In accordance with the agreement entered on February 9th 2021 Proximus acquired on 23 February 2021 the 42.4% stake from the minority shareholders of BICS, (MTN 20% and Swisscom 22.4%) for a total cash consideration of EUR 217 million.

As Proximus already controlled BICS before this transaction, this acquisition qualifies as an equity transaction. This means that the negative difference between (1) the amount by which the non-controlling interests are adjusted, and (2) the fair value of the consideration paid is deducted directly from the shareholders' equity attributable to the parent.

Note 19. Interest-bearing liabilities

Note 19.1 Non-current interest-bearing liabilities

(EUR million)	Note	As at 31 December	
		2020	2021
Unsubordinated debt (bonds, notes)		2,104	2,337
Credit institutions		401	401
Other loans		1	0
Total		2,507	2,737

On 22nd December 2021, the Group repaid anticipately and without penalty, the EUR 500 million bond maturing on 22nd March 2022 with an annual fixed coupon of 0.5%.

On 10th November 2021, the Group issued its first EUR 750 million Green Bond starting on 17th November 2021 and maturing on 17th November 2036 with an annual fixed coupon of 0.75%.

The Group granted a new 20-year Private Placement Note (under EMTN) of EUR 150 million starting 14th May 2020 with an annual fixed coupon of 1.5% with maturity date on 14th May 2040.

All long-term debt is unsecured. During 2021 and 2020 there have been no defaults or breaches on loans payables.

Over the two years presented, an interest rate and currency swaps (IRCS) were used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swaps enabled the Group to transform the interest rate on these debentures which are fully hedged economically, from a fixed interest rate to a floating interest rate: and converting the remaining liability in JPY into fixed rate liability in EUR (see note 32).

Unsubordinated debentures in EUR and in JPY are issued by Proximus SA. The capital is repayable in full on the maturity date.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective interest rates of the debts concerned by these hedges reflect the effects of these hedges.

Non-current interest-bearing liabilities as at 31 December 2021 are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)			(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	11	11	Amortized cost	Dec-26	Semi-annually	-0.72%	-0.72%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%

EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	599	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	497	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	150	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
EUR	730	750	Amortized cost	Nov-36	Annually	0.75%	1.05%

Credit institutions

Fixed rate borrowings

EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%

Total **2,737** **2,762**

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2021

(c) average duration

(d) monthly, quarterly, half yearly, yearly

Non-current interest-bearing liabilities as at 31 December 2020 are summarized as follows:

	Carrying amount	Nominal amount	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)			(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.70%	-0.70%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	598	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	496	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
EUR	149	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Other loans							
EUR	1	1	Amortized cost	2024	Different patterns (d)	0%-6%	0%-6%
Total	2,507	2,514					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2020

(c) average duration

(d) monthly, quarterly, half yearly, yearly

Note 19.2 Current interest-bearing liabilities

(EUR million)	As at 31 December	
	2020	2021
Current portion of amounts payable > 1 year		
Credit institutions	1	1
Credit institutions	0	150
Unsubordinated debt (bonds, notes)	150	100
Other loans	12	1
Total	163	252

The tables below detail the current portion of the unsubordinated debentures maturing within one year.

Current interest-bearing liabilities as at 31 December 2021 are summarized as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Dec-22	Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	100	100	Amortized cost	Jan-22	At inception	0.60%	0.60%
Credit institutions							
Fixed rate borrowings							
EUR	150	150	Amortized cost	Jan-22	Annually	0.61%	0.61%
Other loans							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Jan-22	Annually	0.00%	0.00%
Total	252	252					

(a) monthly, quarterly, half yearly, yearly

Current interest-bearing liabilities as at 31 December 2020 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	150	150	Amortized cost	Feb-21	At inception	-0.40%	-0.40%
Other loans							
Fixed rate borrowings							
EUR	12	12	Amortized cost	Jan-21		0.43%	0.43%
Total	163	163					

(a) monthly, quarterly, half yearly, yearly

Note 19.3 Information about the Group financing activities related to interest bearing liabilities

	As at 31 December	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December
(EUR million)	2020				2021
Long-term					
Unsubordinated debt (bonds, notes)	2,104	730	0	-498	2,337
Credit institutions	401	0	-1	0	401
Other loans	1	0	-1	0	0
Derivatives held for trading	4	0	0	-1	3
Current portion of amounts payable > one year					
Unsubordinated debt (bonds, notes)	0	0	-500	500	0
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	0	150	0	0	150
Unsubordinated debt (bonds, notes)	150	100	-150	0	100
Other loans	12	0	-11	0	1
Total liabilities from financing activities excluding lease liabilities	2,673	980	-663	1	2,992
Lease liabilities current and non current	284	0	-79	68	273
Total liabilities from financing activities including lease liabilities	2,957	980	-742	69	3,265

	As at 31 December	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December
(EUR million)	2019				2020
Long-term					
Unsubordinated debt (bonds, notes)	1,953	149	0	2	2,104
Credit institutions	402	0	-1	0	401
Other loans	0	1	0	0	1
Derivatives held for trading	5	0	0	-1	4
Current portion of amounts payable > one year					
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Unsubordinated debt (bonds, notes)	156	-6	0	0	150
Other loans	0	12	0	0	12
Total liabilities from financing activities excluding lease liabilities	2,517	157	-1	1	2,673
Lease liabilities current and non current	307	0	-82	59	284
Total liabilities from financing activities including lease liabilities	2,824	157	-82	60	2,957

The non-cash changes refer to the transfer of the EUR 500 million bond, repaid anticipately in December 2021 (see note 19.1), from non-current to current and the remeasurement to fair value of the embedded derivative related but separated from the long-term debt expressed in JPY, its host contract.

Note 20. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Dismantling pylons	Other risks	Total
As at 1 January 2020	29	19	17	39	34	137
Additions	0	9	0	6	3	18
Utilisations	-2	-1	0	0	-6	-9
Withdrawals	0	-4	-1	0	-2	-7
Unwinding	1	0	0	0	0	1
As at 31 December 2020	28	23	16	45	28	139
Additions	0	20	0	0	5	25
Utilisations	-3	-2	0	0	-1	-6
Withdrawals	0	-6	-1	0	0	-7
Unwinding	1	1	0	0	0	2
As at 31 December 2021	26	36	15	44	32	153

The provision for workers' accidents relates to compensation that Proximus SA should pay to members of personnel injured (including professional illness) when performing their job and on their way to work. Until 31 December 2002, according to the law of 1967 (public sector) on labour accidents, compensation was funded and paid directly by Proximus. This provision (annuities part) is based on actuarial data including mortality tables, compensation ratios, interest rates and other factors defined by the law of 1967 and calculated with the support of a professional insurer. Considering the mortality table, it is expected that most of these costs will be paid out until 2062. As from 1 January 2003, contractual employees are subject to the law of 1971 (private sector) and statutory employees remain subject to the law of 1967 (public sector). For both the contractual and statutory employees, Proximus is covered as from 1 January 2003 by insurance policies for workers' accidents and therefore will not directly pay members of personnel.

The provision for litigation represents management's best estimate for probable losses due to pending litigation where the Group has been sued by a third party or is subject to a judicial dispute. The expected timing of the related cash outflows depends on the progress and duration of the underlying judicial procedures. The addition of 2021 to the provisions for litigations mainly relates to supplier claims.

The provision for illness days represents management's best estimate of probable charges related to the granting by Proximus of accumulating non-vesting illness days to its statutory employees.

The provision for dismantling of pylons includes the expected costs for dismantling and restoration of the sites on which the antennas are located. It is expected that most of these costs will be paid during the period 2022-2050. The provision for restoration costs is estimated at current prices and discounted using a discount rate of 1.05% based on the expected timing to settle the obligation.

The provision for other risks includes mainly the environmental risks and sundry risks.

Note 21. Other non-current payables

(EUR million)	As at 31 December	
	2020	2021
Other non-current payables -trade	95	98
Other non-current payables- non trade	7	5
Total	102	102

All other non-current payables are non-interest-bearing liabilities.

Non-current payables-trade include licenses (see note 4), broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 5 years).

Non-current payables – non trade include the embedded derivative related but separated from the long-term debt expressed in JPY, its host contract (see Derivatives in note 2). Figures as at 31 December 2020 were restated to include this liability, which was previously classified under the interest bearing non-current liabilities.

Note 22. Other current payables

(EUR million)	As at 31 December	
	2020	2021
VAT payables	6	6
Payables to employees	115	113
Accrual for holiday pay	77	87
Accrual for social security contributions	45	46
Advances received on contracts	9	8
Other taxes	102	108
Deferred income	4	2
Accrued expenses	27	25
Other debts	30	37
Subtotal Other current payables	416	432
Contract Liability	157	135
Total	573	567

Contract liabilities comprise the Group's obligation to transfer goods or services in the future to a customer for which the Group has received consideration from the customer or the amount is due.

The decrease of this caption in 2021 compared to 2020 was due to:

Business decrease for MediaMobile and BICS (less customers entering in long term capacity contracts).

Ending of ICT contracts and renegotiations of these contracts in 2022.

Note 23. Net revenue

Net revenue corresponds to the revenue from contracts with customers. The group derives revenue from the transfer of goods and services over time and at a point in time as follows:

(EUR million)	As at 31 December	
	2020	2021
Net revenue recognized at one point in time	542	560
Net revenue recognized over time	4,901	4,977
Total	5,443	5,537

The disaggregation of net revenue is based on types of goods and services delivered and market and type of customers as follows:

(EUR million)		As at 31 December	
		2020	2021
Domestic			
Consumer	Customer services revenues (X-play)	2,203	2,188
	Prepaid	42	35
	Terminals	235	247
	Lux. Telco (1)	116	125
	Other	52	98
	<i>Total Consumer</i>	<i>2,648</i>	<i>2,692</i>
Enterprise	Telecom Revenue	758	769
	ICT (2)	541	536
	Advanced Business Services (3)	39	37
	Other Products	6	10
	<i>Total Enterprise</i>	<i>1,344</i>	<i>1,352</i>
Wholesale	Fixed & Mobile wholesale services	126	120
	Interconnect (4)	187	164
		313	284
	<i>Total Wholesale</i>	<i>9</i>	<i>4</i>
Other			
Total Domestic		4,313	4,333
BICS		962	997
TeleSign		273	326
Eliminations		-105	-120
Total Net Revenue		5,443	5,537

(1) Lux. Telco: including fixed & mobile services, terminals & other

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

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

(4) Wholesale Interconnect: the process of connecting an operator network with another operator network. This then allows the customers of one operator to communicate with the customers of another operator. Interconnect includes fixed voice, mobile voice and mobile SMS/MMS services.

The following table presents the transaction price assigned to unfulfilled performance obligations at December 31, 2021. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract and consideration received from customers before satisfying performance obligations such as advances for airtime.

(EUR million)	Expected timing of recognition		
	2022	2023	> 2024
Transaction price allocated to performance obligations that are unsatisfied at reporting date	169	54	39

Note 24. Other operating income

(EUR million)	As at 31 December	
	2020	2021
Gain on disposal of intangible assets and property, plant and equipment	3	1
Gain on disposal of financial fixed assets	0	0
Miscellaneous re invoicing and recovery of expenditures	31	36
Other income	4	4
Total	38	42

“Miscellaneous re invoicing and recovery expenditures” includes compensation for network damage by third parties (EUR 9 million in 2021 and EUR 9 million in 2020) as well as employee and third-party contributions for sundry services.

Increase of EUR 5 million in 2021 compared to 2020 is mainly due to the refund of the insurance company linked to the water damage of July 2021 for EUR 7 million.

Note 25. Costs of materials and services related to revenue

(EUR million)	As at 31 December	
	2020	2021
Purchases of materials	421	444
Purchases of services	1,480	1,554
Total	1,901	1,997

Goods and services directly related to revenue are external variable costs incurred in the context of a sales transaction, and that changes in proportion to sales. In the Proximus Group, it mainly includes traffic expenses (interconnection costs, termination costs...) , subscriber acquisition and retention costs, external costs directly related to ICT contracts such as equipment, maintenance, vendor support being recharged to the customers and costs related to Proximus TV such as content costs and variable broadcasting rights. It includes also cost of goods and work in progress being invoiced to customers.

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 63 million in 2021 and of EUR 64 million in 2020. It includes mainly modems and set up boxes installed on client premises.

Note 26. Workforce expenses

(EUR million)	As at 31 December	
	2020	2021
Salaries and wages	648	661
Social security expenses	166	162
Pension costs	55	51
Post-employment benefits other than pensions and termination benefits	-24	3
External Workforce	218	256
Other workforce expenses	65	66
Total	1,128	1,200

Workforce expenses are expenses related to own employees as well as to external working parties (included in other workforce expenses).

Salaries and wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 119 million in 2020 and EUR 128 million in 2021.

Post-employment benefits other than pensions and termination benefits includes the impact of the FFP transformation plan (2020 EUR -27 million, 2021 EUR 1 million) and other termination benefits (2020 EUR -3 million, 2021 EUR 1 million). It also includes the current service cost and past service cost of other post-employment benefits (2020 EUR 6 million, 2021 4 million EUR).

External workforce expenses include consultancy and outsourcing costs.

Other workforce expenses include costs relating to internal workforce (such as meal vouchers, social activities, workers accident insurance, train tickets for actives).

Note 27. Non-Workforce expenses

(EUR million)	As at 31 December	
	2020	2021
Service and capacity contracts and non lease components of renting contracts	40	43
Maintenance and utilities	166	170
Advertising and public relations	71	86
Administration, training, studies and fees	130	137
Telecommunications, postage costs and office equipment	29	28
Loss allowance	33	26
Taxes other than income taxes	26	28
Other Non-Workforce expenses	36	35
Total	530	554

Taxes other than income tax: Tax on pylons

In 2020 there were both positive and negative evolutions in case law which resulted in a review of the provisions with a limited net impact. In 2021, there are no material changes in case law. The position as recognized in the Financial Statements reflects management's best estimate of the probable final outcome.

Note 28. Depreciation and amortization

(EUR million)	As at 31 December	
	2020	2021
Amortization of licenses and other intangible assets	456	489
Depreciation of property, plant and equipment	579	614
Depreciation of right of use	82	80
Total	1,116	1,183

Note 29. Net finance cost

(EUR million)	As at 31 December	
	2020	2021
Finance income		
Interest income on financial instruments		
At amortized costs	2	2
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	6	0
Other finance income	1	2
Finance costs		
Interests and debt charges on financial instruments at amortized costs		
Unsubordinated debentures	-42	-43
Lease interests	-3	-2
Short term debt	-1	0
Long term payables	-2	-4
Discounting charges		
On pensions and other post-employment benefits	-4	-4
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	0	-2
Other finance costs	-4	-2
Total	-48	-54

The remeasurement to fair value of the liability relating to the put option granted to the former owners of Be-Mobile on their own shares led to a gain of EUR 6 million in 2020. In 2021, this remeasurement led to a loss of EUR 2 million.

Note 30. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share.

	As at 31 December	
	2020	2021
Net income attributable to ordinary shareholders (EUR million)	564	443
Adjusted net income for calculating diluted earnings per share (EUR million)	564	443
Weighted average number of outstanding ordinary shares	322,752,015	322,751,990
Adjustment for share options	3,742	0
Weighted average number of outstanding ordinary shares for diluted earnings per share	322,755,758	322,751,990
Basic earnings per share (EUR)	1.75	1.37
Diluted earnings per share (EUR)	1.75	1.37

In 2020, all stock options granted were dilutive and hence included in the calculation of diluted earnings per share. All stock option plans were closed in 2021. The sale of shares to the company management under share purchase plans at a discount of 16.70% had a dilutive effect, but this was insignificant in 2021 and 2020.

Note 31. Dividends paid and proposed

	2020	2021
Dividends on ordinary shares:		
Proposed dividends (EUR million)	387	387
Number of outstanding shares with dividend rights	322,690,026	322,741,364
Dividend per share (EUR)	1.2	1.2
Interim dividend paid to the shareholders (EUR million)	161	161
Interim dividend per share (EUR)	0.5	0.5

The proposed dividends for 2020 have been effectively paid in April 2021. The interim dividends for 2021 have been paid in December 2021.

Note 32. Additional disclosures on financial instruments

Note 32.1. Derivatives

The Group makes use of derivatives such as interest rate swaps (IRS), interest rate and currency swaps (IRCS), forward foreign exchange contracts and currency options.

(EUR million)	Note	2020	2021
Non-current assets			
Derivatives held for trading	12	4	3
Current assets			
Derivatives held for trading	15	0	1
Total assets		4	4
Non-current liabilities			
Derivatives held for trading	21	4	3
Current liabilities			
Derivatives held for trading	22	0	1
Total liabilities		4	3

The tables below show the positive and negative fair value of derivatives, included in the balance sheet respectively as current/non-current assets or liabilities.

As at 31 December 2021

(EUR million)	Fair value	
	Asset	Liability
Interest rate and currency swaps	3	0
Interests and currency related - other derivatives	0	-3
Forward foreign exchange contracts	1	-1
Derivatives not qualifying for hedge accounting	4	-3

As at 31 December 2020

(EUR million)	Fair value	
	Asset	Liability
Interest rate and currency swaps	4	0
Interests and currency related - other derivatives	0	-4
Derivatives not qualifying for hedge accounting	4	-4

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on outstanding JPY 1.5 billion unsubordinated debentures (see note 18).

Note 32.2. Financial risk management objectives and policies

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The main risks arising from the Group's use of financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

All financial activities are subject to the principle of risk minimization. To achieve this, all matters related to funding, foreign exchange, interest rate and counterparty risk management are handled by a centralized Group Treasury department. Simulations are performed using different market (including worst case) scenarios with a view to estimating the effects of varying market conditions. All financial transactions and financial risk positions are managed and monitored in a centralized treasury management system.

Group Treasury operations are conducted within a framework of policies and guidelines approved by the Executive Committee and the Board of Directors. Group Treasury is responsible for implementing these policies. According to the policies, derivatives are used to hedge interest rate and currency exposures. Derivatives are used exclusively as hedging instruments, i.e., not for trading or other speculative purposes. Derivatives used by the Group mainly include forward exchange contracts, interest rate swaps and currency options.

The table below provides a reconciliation of changes in equity and statement of OCI by hedge type for 2021

(EUR million)	Note	Transfer to profit or loss for the period
Interest rate swap instruments	OCI	-13
Amortization of cumulated remeasurements of settled interest rate swap	OCI	2
Changes in other comprehensive income in relation with cash flow hedges		-11

The Group's internal auditors regularly review the internal control environment at Group Treasury.

Interest rate risk

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. Group Treasury manages exposure of the Group to changes in interest rates and the overall cost of financing by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk minimization and avoidance of volatility in financial results, whilst considering market conditions and opportunities as well as overall business strategy.

The tables below summarize the non-current interest-bearing liabilities (including their current portions, excluding leasing and similar obligations) per currency, the interest rate and currency swap agreements (IRCS), and the net obligations of the Group at 31 December 2021 and 2020.

As at 31 December 2021								
Direct borrowing			IRCS agreements			Net obligations		
Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR								

Fixed	2,750	1.42%	8				2,750	1.42%	8
Variable				11	-0.72%	4.96	11	-0.72%	5
JPY									
Fixed	11	5.04%	5	-11	-5.04%	4.96			
Total	2,761	1.43%	8	0			2,761	1.41%	8

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

As at 31 December 2020								
Direct borrowing			IRCS agreements			Net obligations		
Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR								
Fixed	2,500	1.72%				2,500	1.77%	5
Variable			11	-0.70%	6	11	-0.70%	6
JPY								
Fixed	11	5.04%	-11	-5.04%	6			
Total	2,511	1.73%	0			2,511	1.70%	5

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

On June 29, 2021 the Group entered into an interest rate swap to hedge its exposure to the variability in cash flows attributable to the long-term interest rate risk associated with the issuance of a highly probable fixed rate long-term debt of EUR 750 million, expected to be issued in November 2021 and which effectively materialized on November 10, 2021 for that amount. The hedge, for a nominal amount of EUR 600 million fixed at 0.44%, was unwound at that date and resulted in the payment of an amount of EUR 12.9 million to the hedge counterparties.

Foreign currency risk

The Group's main currency exposures result from its operating activities. Such exposure arises from sales or purchases by operating units in currencies other than euro. Transactions in currencies other than euro mainly occur in the International Carrier Services ("BICS") segment, even more so following the acquisition of TeleSign. Indeed, international carrier activities generate payments to and receipts from other telecommunications operators in various foreign currencies. Next to these, Proximus as well as a number of its affiliates also engage in international activities (ICT, roaming, capital and operating expenditure) giving rise to currency exposures.

Risks from foreign currencies are hedged to the extent that they are liable to influence the Group's cash flows. Foreign currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) as a rule are not hedged. However, the Group could envisage hedging such so-called translation differences should their potential impact become material to the Group's consolidated financial statements.

The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

In 2021 and 2020, the Group only incurred currency exposures relative to its operating activities. Foreign currency transactions are recognized in functional currency on initial recognition at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at balance sheet date using the exchange rate at that date. The net exchange difference on the translation of these monetary assets and liabilities are recorded via the

income statement. However, in a limited number of cases, hedge accounting has been applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/GBP, EUR/GBP, EUR/CHF, EUR/CDR, EUR/ZAR, EUR/AUD and EUR/HKD, currency pairs to which it is exposed in its operating activities, for the year 2021.

Foreign currency Group's net position as at 31/12/2021	(In KEUR)	Effect in P&L (in EUR) if foreign currency against EUR moves by :								Closing rate (in EUR)
(In KEUR)		-15.0%	-10.0%	-5%	-2.5%	2.5%	5%	10%	15%	1 EUR = xxx
-4,640	USD	615	410	205	102	-102	-205	-410	-615	1.13
-318	GBP	57	38	19	9	-9	-19	-38	-57	0.84
-672	CHF	98	65	33	16	-16	-33	-65	-98	1.03
696	SDR	-129	-86	-43	-22	22	43	86	129	0.81
4,459	ZAR	-37	-25	-12	-6	6	12	25	37	18.06
925	AUD	-89	-59	-30	-15	15	30	59	89	1.56
2,189	HKD	-37	-25	-12	-6	6	12	25	37	8.83
	Total	476	318	159	79	-79	-159	-318	-476	

Notes :

- +15% means when foreign currency wins 15% vs. EUR
- -15% means when foreign currency loses 15% vs. EUR
- A positive sign means a profit in P&L
- A negative sign means a loss in P&L

Credit risk and significant concentrations of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Proximus in relation to lending, hedging, settlement and other financial activities.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations in relation to each class of recognized financial assets, including derivatives with positive market value, is the carrying amount of those assets in the balance sheet and bank guarantees granted.

To reduce the credit risk in respect of financing activities and cash management of the Group, transactions are only entered into with leading financial institutions whose long-term credit ratings equal at least A- (S&P).

The Group applies the IFRS 9 simplified approach for measuring the expected credit losses for trade receivables and contract assets, meaning the lifetime expected credit loss. The determination of this loss allowance might be at portfolio or individual level, depending on the assessed risk related to the customer.

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables

is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 14.3) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on short-term bank deposits and financial derivatives (see note 32.1). However, the Group does not anticipate non-performance by any of these counterparties, seeing it only deals with prime financial institutions, makes very limited use of derivatives on debt instruments as shown in table 32.1, and, as a rule, only invests in highly liquid and short-term securities (mainly cash and cash equivalents), for which, seen the excellent rating of the counterparts, the Group do not calculate loss allowances provisions.

Moreover, the Group monitors potential changes in credit risk on counterparties by tracking their external credit ratings on an ongoing basis as well as evolutions in its bank's credit default swap rates (a leading indicator often anticipating on future rating changes).

In addition, the Group is exposed to credit risk by occasionally granting non-recourse bank guarantees in favor of some of its institutional or governmental clients. At 31 December 2021, it had granted bank guarantees for an amount of EUR 49 million and EUR 57 million at 31 December 2020.

Finally, the Group has not pledged any financial assets, nor does it hold any collateral against any of its counterparties.

Liquidity risk

In accordance with the treasury policy, Group Treasury manages its overall cost of financing by using a mix of fixed and variable rate debts.

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus entered into committed bilateral credit agreements with different maturities and into a committed sustainable linked Syndicated Revolving Facilities for a total amount of EUR 751 million. For medium to long-term funding, the Group uses bonds and medium-term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources considering its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's leasing and interests bearing liabilities, derivatives excluded, as disclosed on note 19 at each reporting date. This maturity profile is based on contractual undiscounted interest payments and capital reimbursements and takes into account the impact on cash flows of interest rate derivatives used to convert fixed interest rate liabilities into floating interest rate liabilities and vice versa. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2021 and 2020, respectively).

The cash outflows expected in 2021 for the reporting year 2020 and the cash outflows expected in 2022 for the reporting year 2021 are impacted by Proximus short term commercial papers and treasury loans.

(EUR million)	2021	2022	2023	2024	2025	2026-2048
As at 1 January 2021						
Capital	163	502	101	600	500	811
Interests	43	43	40	38	24	74
Total	206	545	141	638	524	885
As at 31 December 2021						
Capital		252	101	600	500	1,550
Interests		46	46	44	29	147
Total		297	146	644	529	1,697

Bank credit facilities at 31 December 2021

In addition to the interest-bearing liabilities disclosed in notes 19.1 and 19.2, the Group is backed by committed credit facilities of EUR 751 million. These facilities are provided by a diversified group of Belgian and international banks. As at 31 December 2021, there were no outstanding balances under any of these facilities. A total of EUR 751 million of credit lines was therefore available for drawdown as at 31 December 2021.

The Group also uses a EUR 3.5 billion Euro Medium-term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2021, there was an outstanding balance under the EMTN Program of EUR 2,350 million, whereas the CP Program showed a drawn and outstanding amount of EUR 100 million.

Note 32.3. Net financial position of the Group and capital management

The Group defines the net financial position as the net amount of investments, cash and cash equivalents minus any interest-bearing financial liabilities and related derivatives, including re-measurement to fair value and lease liabilities. The net financial position does not include non-current trade payables.

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

(EUR million)	Note	As at 31 December	As at 31 December
		2020	2021
Investments, Cash and cash equivalents	16 / 17	313	249
Derivatives	12	4	3
Assets		318	252
Non-current liabilities (*)	19.1	-2,727	-2,944
Current liabilities (*)	19.2	-230	-321
Liabilities		-2,957	-3,265
Net financial position (*)		-2,639	-3,013
Of which Leasing liabilities		-284	273
Adjusted financial position (**)		-2,356	-2,740

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that always allow for security of liquidity via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders. Over the two years presented, the Group did not issue new shares or any other dilutive instruments, except for the shares sold to senior management of the group at a discount of 16.7%.

Note 32.4 Categories of financial instruments

The Group occasionally uses interest rate (IRS) and/or currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest-bearing liabilities (see note 32).

The following tables present the Group's financial instruments per category defined under IFRS 9, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2021, the fair value of the unsubordinated debentures and of the loan granted by the European Investment Bank (EIB), which are accounted for at amortized cost, exceeded by EUR 145 million, or 5.3%, their carrying amount.

The fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at 31 December 2021 for similar debentures with the same remaining maturities.

The Group did not reclassify, during the period, financial instruments from one category to another.

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2021.

As at 31 December 2021 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	1	1
Other non-current assets				
Other derivatives	32	FVTPL	3	3
Other financial assets		Amortized cost	10	10
Current assets				
Trade receivables	14	Amortized cost	879	879
Interests bearing				
Other receivables		Amortized cost	2	2
Non-interests bearing				
Other receivables		Amortized cost	19	19
Derivatives held for trading		FVTPL	1	1
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	10	10
Cash at bank and in hand	17	Amortized cost	239	239
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,337	2,456
Credit institutions	19.1	Amortized cost	401	423
Non interest-bearing liabilities				
Other derivatives	32	FVTPL	3	3
Other non-current payables	21	Amortized cost	100	100
Current liabilities				

Interest-bearing liabilities, current portion				
Credit institutions	19.2	Amortized cost	1	1
Interest-bearing liabilities				
Credit institutions		Amortized cost	150	150
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	100	100
Other loans	19.2	Amortized cost	1	1
Trade payables		Amortized cost	1,515	1,515
Other current payables				
Derivatives held for trading	33	FVTPL	1	1
Other debt		FVTPL	3	3
Other amounts payable		Amortized cost	286	286

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2020.

As at 31 December 2020 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	1	1
Other non-current assets				
Other derivatives	32	FVTPL	4	4
Other financial assets		Amortized cost	7	7
Current assets				
Trade receivables	14	Amortized cost	868	868
Interests bearing				
Other receivables		Amortized cost	3	3
Non-interests bearing				
Other receivables		Amortized cost	10	10
Investments	16	Amortized cost	3	3
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	115	115
Cash at bank and in hand	17	Amortized cost	195	195
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,104	2,286
Credit institutions	19.1	Amortized cost	401	434
Other loans	19.1	Amortized cost	1	1
Non interest-bearing liabilities				
Other derivatives	32	FVTPL	4	4
Other non-current payables	21	Amortized cost	99	99
Current liabilities				

Interest-bearing liabilities, current portion				
Credit institutions	19.2	Amortized cost	1	1
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	150	150
Other loans	19.2	Amortized cost	12	12
Trade payables		Amortized cost	1,213	1,213
Other current payables				
Other debt		FVTPL	1	1
Other amounts payable		Amortized cost	276	276

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Note 32.5 Fair value of financial assets and liabilities

Financial instruments measured at fair value are disclosed in the table below according to the valuation technique used. The hierarchy between the techniques reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly.

Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data.

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 financial instruments are:

- **Other derivatives in Level 2**
Other derivatives include mainly the interest rate swaps and interest rate and currency swaps (IRCS) the Group entered to reduce the interest rate and currency fluctuations on some of its long-term debentures. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.
- **Unsubordinated debentures**
The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2021 for similar debentures with the same remaining maturities.

The financial instrument classified among the level 3 category is fair valued based on cash outflows in different scenarios, each one being weighted for its chance of occurrence. The weights are either based on statistical data that are very stable over time, either based on Proximus best estimate of the scenario occurrence. The instrument fair value is very depending but proportionate to changes in estimated cash outflows.

As at 31 December 2021		Classification under IFRS 9	Balance at 31 December 2021	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments		FVOCI	1		1	
Other non-current assets						
Other derivatives	32.1	FVTPL	3	3		
Current assets						
Non interest-bearing receivables						
Derivatives held for trading	33.1	FVTPL	1	1		

LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,337	2,456
Credit institutions	19.1	Amortized cost	401	423
Non interest-bearing liabilities				
Other derivatives	33.1	FVTPL	3	3
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	19.2	Amortized cost	1	1
Interest-bearing liabilities				
Credit institutions	19.1	Amortized cost	150	150
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	100	100
Other loans	19.2	Amortized cost	1	1
Non interest-bearing liabilities				
Other derivatives	33.1	FVTPL	1	1
Other debt		FVTPL	3	3

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

As at 31 December 2020

As at 31 December 2020		Classification under IFRS 9	Balance at 31 December 2020	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments		FVOCI	1			1
Other non-current assets						
Other derivatives	32.1	FVTPL	4		4	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,104		2,286	
Credit institutions	19.1	Amortized cost	401		434	
Other loans	19.1	Amortized cost	1		1	
Non interest-bearing liabilities						
Other derivatives	33.1	FVTPL	4		4	
Current liabilities						
Interest-bearing liabilities, current portion						
Credit institutions	19.2	Amortized cost	1		1	
Interest-bearing liabilities						

Unsubordinated debt (bonds, notes)	19.2	Amortized cost	150	150
Other loans	19.2	Amortized cost	12	12
Non interest-bearing liabilities				
Other debt		FVTPL	1	1

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Note 33. Related party disclosures

Note 33.1. Consolidated companies

Subsidiaries, joint-operations, joint-ventures and associates are listed in note 8.

Commercial terms and market prices apply for the supply of goods and services between Group companies.

The transactions between Proximus SA and its subsidiaries, being related parties, are eliminated for the preparation of the consolidated financial statements. The transactions between Proximus SA and its subsidiaries are as follows:

Proximus SA transactions with its subsidiaries and joint operations (EUR million)	As at 31 December	
	2020	2021
Revenues	156	154
Costs of materials and services related to revenue	-140	-137
Net finance costs	1	1
Dividends received	391	220
Gain on contribution of financial fixed assets	94	0

Proximus SA transactions with its subsidiaries and joint operations (EUR million)	As at 31 December	
	2020	2021
Trade receivables	27	34
Trade payables	-33	-30
Interest-bearing receivables/liabilities	-767	-684
Other receivables and liabilities	-1	0

Note 33.2. Relationship with shareholders and other State-controlled enterprises.

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.52%. The remaining 41.97% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favourable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Relationship with Belfius Bank NV

Proximus and Belfius Bank NV have the same majority shareholder, the Belgian State. Hence, Belfius is considered as a "related party" in accordance with the International Financial Reporting Standards as adopted by the European Union. Consequently, the cooperation agreement with Belfius related to the Banx service has been approved by the Board of Directors on the 29th of April 2021 in line with the conclusion of the special report prepared by three independent directors in accordance with the Art. 7.97 of the Belgian Code for

Companies and Associations. In 2021 the Banx project had no impact on the consolidated figures, the project will start as from 2022 onwards.

Note 33.3. Relationship with key management personnel

The remuneration of the Board of Directors was decided by the General Shareholders' Meeting of 2004.

The principles of this remuneration remained applicable in 2021 and no substantial change of the policy is expected: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandenborre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates. For the execution of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration such as bonuses or long-term incentive plan, nor do they receive benefits linked to complementary pension plans or any other group insurance.

The total remuneration for the Directors amounted to gross EUR 1,192,366 for 2021 to gross EUR 1,231,116 for 2020. The directors have not received any loan or advance from the Group.

The number of meetings of the Board of Directors and advising committees are detailed as follows:

	2020	2021
Board of Directors	10	9
Audit and Compliance Committee	5	5
Nomination and Remuneration Committee	9	6
Transformation & Innovation Committee	2	2

In its meeting of 24 February 2011, the Board adopted a "related party transactions policy" which was updated in September 2016, which governs all transactions or other contractual relationships between the company and its board members. Proximus has contractual relationships and is also a vendor for telephony, Internet and/or ICT services for many of the companies in which Board members have an executive or non-executive mandate. These transactions take place in the ordinary course of business and are arm's length of nature.

For the year ended 31 December 2021, a total gross amount (long-term performance-based payments) of EUR 6,993,891 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2021, the members of the Executive Committee were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen, Anne-Sophie Lotgering, Jim Castele, Antonietta Mastroianni (9 months) and Mark Reid (8 months).

For the year ended 31 December 2020, a total gross amount (long-term performance based payments) of EUR 6,612,523 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2020, the members of the Executive Committee were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans,

Jan Van Acoleyen, Anne-Sophie Lotgering (6 months), Jim Castele (10 months), Sandrine Dufour (5 months) and Bart Van Den Meersche (6 months).

These total amounts of key management compensation include the following components:

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and excluding employer social security contributions paid on these benefits;
- Post-employment benefits: insurance premiums paid by the Group in the name of members of the Executive Committee. The premiums cover mainly a post-retirement complementary pension plan;
- Performance Value based payments (long-term): gross amounts granted under the Performance Value Plan, which creates pay-out rights in May 2023 (granted in 2020) or in May 2024 (granted in 2021) depending on the achievement of 3 company driven performance criteria which consist of the Group free cash flow, the reputation index and the company's Total Shareholder Return compared to a predefined group of other European telecom operators.

EUR	As at 31 December	
	2020	2021
Short-term employee benefits	5,130,490	4,965,866
Post-employment benefits	546,825	726,326
Performance based payments	935,208	1,301,699
Total	6,612,523	6,993,891

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

Note 33.4. Regulations

The telecommunications sector is regulated by European legislation, Belgian federal and regional legislation and by decisions of sectors specific regulators (the Belgian Institute for Postal services and Telecommunications, commonly referred to as the "BIPT/IBPT" and the regional regulators competent for media) or administrative bodies such as the Competition authorities.

Note 34. Rights, commitments and contingent liabilities

Claims, legal and tax proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

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

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations.

Broadband/Broadcast Access Related Cases

Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

During the investigation of October 2010, a large numbers of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in order to have the communication to the investigation teams of LPP data and data out of scope suspended. On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case.

On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction.

In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

Based on the facts and information available per end December 2021, management recorded no provision for this case.

Mobile On-net cases related

In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in profit or loss of the second quarter 2009.

Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling.

Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

In its interim judgment of 7th of October 2020, the Brussels Court of Appeal partially annulled the decision of 26th of May 2009 of the Competition Council, based on the reasoning that (i) the Belgian Competition Authority could not have established the existence of an abuse of a dominant position for 2004 without the document seized during the illegal dawn raid, while (ii) the documents seized during the illegal dawn raid were not indispensable for the establishment of the abuse of a dominant position for 2005. Consequently, Court decided that the procedure should only be continued for the latter period (both for other procedural issues and on merits). Proximus launched a "pourvoi en cassation" against this judgment in so far, according to Proximus, the decision should not have been annulled partially (2004), but totally (2004 and 2005), exactly because of the illegality of the dawn raid.

In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom. Per end December 2021, management recorded a provision for this case based on their best estimate and information available.

MWingz - mobile radio access network sharing case

On 22nd of November 2019, Orange Belgium and Proximus concluded a mobile radio access network (RAN) sharing agreement. Telenet, which contests the agreement, lodged a complaint with the Belgian Competition Authority and made a request for preliminary measures. On 8th of January 2020, the Belgian Competition Authority, whilst acknowledging the benefits of the agreement, decided to suspend the agreement for 2 months, giving Orange Belgium and Proximus the time to have discussions with the telecommunications regulator. In the meantime, several preparatory actions can still be taken. In the absence of new initiative from the prosecutors of the Belgian Competition Authority, the suspension took an end after the 2 months period allowing Proximus to fully implement the radio access network (RAN) sharing agreement. In the meantime, the prosecutors of the Belgian Competition Authority continue to investigate the agreement. A decision on the merits, if any, may take several years.

Gial case

On 19 June 2019, Proximus was indicted by a Brussels investigating judge following a complaint on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the confidentiality of the investigation, the details of this case cannot be set out in this report.

Nevertheless, Proximus would like to mention the existence of this case to ensure transparency.

For information purposes: if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts which it is accused of and in view of the indictment by the investigating judge, the maximum fine that could be imposed to Proximus in the context of this case would be EUR 972,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not set aside any amount for the payment of any fine.

Finally, insofar as necessary, Proximus recalls that the indictment does not in any way imply that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favorable outcome to this case.

Tax proceedings

BICS is engaged in tax proceedings with the Indian tax authority. See note 2

Capital expenditure commitments

At 31 December 2021, the Group had contracted commitments of EUR 866 million (intangible assets EUR 155 million; tangible assets EUR 710 million). The commitments related to the intangible assets contain those related to the Eleven Sports' contracts (See Note4).

The tangible assets are mainly related to commitments related to technical and network equipment related to the further accelerated investment plan for Fiber.

Purchase commitments of shares

In the context of various acquisitions, there are contingent commitments (earn outs & put options & purchase commitments) for a total amount of EUR 12 million per end of 2021. Main part of these obligations are payable in 2022 to the extent that the agreed conditions are met.

Mobtexting Commitment

BICS Singapore has conditionally committed to acquire a specialist in Communications Platform as a Service (CPaaS), 3m Digital Networks Pvt Ltd. The deal will accelerate the BICS Group strategy to become a communications platform company, delivering a suite of cloud-based omnichannel communications services alongside its existing portfolio. This will significantly enrich BICS' value proposition towards both the telecommunications and enterprise markets, with the ambition to expand its Software-as-a-Service (SaaS) solutions to support businesses in their digital transformation. The acquisition was closed per 10th February 2022.

Commitments related to Fiberklaar and Unifiber

Fiberklaar and Unifiber will maximize their funding via debt and operating cash flows. Shareholders will complement remaining required funding needs via equity injection, prorata their share.

Other rights and commitments

At 31 December 2021, the Group has the following other rights and commitments:

Guarantees

The Group received guarantees for EUR 2 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 26 million from its suppliers to ensure the completion of contracts or works ordered by the Group. The Group granted guarantees for an amount of EUR 125 million (including the bank guarantees mentioned in note 32.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations.

Universal Services

In accordance with the law of 13 June 2005 on electronic communication, Proximus is entitled to claim compensation for the social tariffs that it has offered since 1 July 2005 as part of its universal service provision. For every operator offering social tariffs, the BIPT is required to assess whether or not there is a net cost and an unreasonable burden. In May 2014, the BIPT, together with an external consultant, started to analyze the net costs Proximus bore in providing the social discounts, which were offered over the period 2005-2012, the aim being to assess the possibility of there being an unreasonable burden on Proximus, and hence the possibility of a contribution being due by the operators liable to pay a contribution. On 1 April 2015, however, Proximus withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of classifying mobile social tariffs as an element of the universal service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision would be clear. In a judgment of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of a compensation mechanism to which specific undertakings have to contribute.

In its judgment of 3 February 2016 (no. 15/2016), the Constitutional Court, taking into account the Judgment of the Court of Justice, indicated that since the Member States are free to consider mobile communication services (voice and internet) as additional mandatory services, the Legislator could impose the obligation on mobile operators to provide mobile tariff reductions to social subscribers.

However, it specified that a financing mechanism for such services involving specific undertakings cannot be imposed. It is up to the Legislator to decide whether, for the provision of such services, compensation should be calculated by means of another mechanism which does not involve specific undertakings.

In its communication of 27 December 2017 regarding the monitoring of the universal service, the BIPT states the following: 'Following this, the Constitutional Court has decided on 3 February 2016 that Belgium cannot oblige the telecom operators to grant social tariffs for mobile telephony and mobile internet. However, the government could decide to make the services accessible to the public as 'additional obligatory services', however without a possibility to have a financing from the sectorial compensation fund.' Given this reading of the BIPT, it has been decided not to grant any longer social tariffs on standalone mobile internet formulas. Social reductions on bundles for mobile internet are being maintained.

In 2015, the Minister competent for electronic communications announced a reform of the legal system of social tariffs, prioritizing a simplification of the current system as well as an evolution towards a system based on voluntary engagement.

So far, the Minister has not yet transformed his intention into a concrete draft law. The claim for compensation for the social tariffs has not been renewed. The transposition of the European Electronic Communication Code into Belgian law might possibly bring changes to the definition of the social tariffs. The recent federal Government Agreement 2020 announces an innovation of the system of social tariffs. Presently, Minister De Sutter consults the sector on the subject of a new social tariffs system that addresses more beneficiaries with more important advantages.

TeleSign Business Combination

Proximus' fully owned subsidiary TeleSign, a leading provider of digital identity and CPaaS Software Solutions for Global Enterprises, intends to go public at an Enterprise Value of 1.3 Billion USD via a business combination with Corporation ("NAAC"). North Atlantic Acquisition Corporation is a special-purpose acquisition company (SPAC) focusing on global opportunities in the technology space. The total capital raised will be up to approximately 487 million USD, including a committed Private Investment in Public Equity (PIPE) of \$107.5 million from SFPI-FPIM, Finance Brussels and a group of Belgian investors and up to 379.5 million USD from NAAC. Subject to closing conditions, the transaction is expected to close in 2022.

Partnership with HCL Technologies

Proximus entered into a partnership with HCL Technologies whereby the company will operate and maintain Proximus' private cloud infrastructure and support its transition to a hybrid cloud solution provider. The infrastructure remains in Proximus' data centers and under Proximus control. Any new assets acquired, and related development performed by HCL Technologies in the context of this contact will fall under an IFRS lease model. Proximus anticipates that these will be of a limited magnitude going forward.

The partnership foresees a transition phase, that started in October 2021, during which HCL Technologies will gradually assume responsibility for the transition of Proximus' relevant services and prepare itself to deliver the services to be provided under the partnership with the highest quality standards.

Note 35. Share-based Payment

Discounted Share Purchase Plans

In 2020 and 2021, the Group launched Discounted Share Purchase Plans.

Under the 2020 and 2021 plans, Proximus sold respectively 3,092 and 6,438 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price for EUR 15.54 per share in 2020 and for EUR 14.14 in 2021). The cost of the discount is below EUR one million in 2020 and in 2021 and was recorded in profit or losses workforce expenses (see note 26). This has a dilutive effect.

Performance Value Plan

In 2013, 2014, 2015, 2016, 2017 and 2018, Proximus launched different tranches of the "Performance Value Plan" for its senior management. Under this Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights are dependent on the achievement of market conditions based on Proximus' Total Shareholder Return compared to a group of peer companies.

After the vesting period rights can be exercised for four years. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised yet are forfeited. In case of involuntary leave (except for serious cause) or retirement the rights remain and continue to vest during the normal 3-year vesting period.

The Group determines the fair value of the arrangement at inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled (currently not material) and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value of the tranches 2017 and 2018 amounted to EUR 0 for each tranche as of 31 December 2021.

The annual charge of these tranches amounted to EUR 0 million. The calculation of simulated total shareholder return for those tranches under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of 31 December 2021.

	As at 31 December	
	2020	2021
Weighted average risk free of return	-0.55%	-0.38%
Expected volatility - company	26.53%-27.05%	24.27%-24.84%
Expected volatility - peer companies	15.33%-41.43%	12.03%-49.51%
Weighted average remaining measurement period	2.15	1.65

In 2019, 2020 and 2021, Proximus launched tranches of the new "Performance Value Plan" for its senior management. Under this new Long-Term Performance Value Plan, the granted awards are blocked for a period of 3 years after which the Performance Values vest. The final paid amount depends on the results of 3 KPI's which are: the Proximus' Total Shareholder Return compared to a group of peer companies (40%), the group Free Cash Flow (40%) and the Reputation Index (20%). The final KPI is the average of the intermediary results of the 3 calendar years.

The fair value of the tranches 2019, 2020 and 2021 amounted respectively to EUR 6,3 and 1 million as of 31 December 2021 based on actual calculation. The annual charge of these tranches amounted to EUR 1 million.

Employee Stock Option Plans

In 2012, Proximus launched a last yearly tranche of the Employee Stock Option Plan to the key management and senior management of the Group. The Plan rules were adapted early 2011 according to the Belgian legislation. Therefore, as from 2011, the Group launched two different series: one for the Executive Committee, Chief Executive Officer included and one for the other key management and senior management. Black&Scholes was used as option pricing model.

The annual charge is recognized as workforce expenses and was below EUR 0.1 million in 2020. Unexercised or forfeited stock options generated a gain of EUR 0.2 million in 2020.

All tranches granted from 2004 to 2012 were closed in 2020.

In 2020, 16,583 stock options were exercised and 7,474 expired for the last remaining plan.

Note 36. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2021 for an amount of EUR 2,652,218 for audit mandate and control missions and EUR 97,682 other missions.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Audit mandate	1,028,577	577,270
Other Control Missions	171,371	875,000
Other missions	55,436	42,246
Total	1,255,384	1,494,516

Note 37. Segment reporting

The Group's operating segments are established based on those components that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Group has determined the chief operating decision maker to be the Proximus Executive Committee.

The operating segments are largely organized according to the nature of products and services provided and geographical area and are:

- **Domestic:** segment providing communication and ICT services to residential, businesses and telecom wholesale markets in Belgium.
- **International Carrier Services (BICS)** is responsible for international carrier activities on the international communications market.
- **TeleSign:** specialized in delivery authentication and digital identity services to the world's largest internet brands, digital champions and cloud native businesses.

The Chief Operating Decision Maker assesses performance and makes decisions about resource allocation and performance based on the EBITDA net of incidentals. Within Domestic net revenue is reviewed by the chief operating decision maker by market being residential (CBU component), professional (EBU component) and wholesale markets (CWS component).

Capex information is not provided to the CODM by operating segment but by key domain being e.g. fiber, mobile, content...

Group financing (including finance expenses and finance income) and income taxes were managed on a group basis and are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements but are disclosed excluding "incidentals" and including lease depreciation and interest. The Group defines "incidentals" as material items that are out of usual business operations.

Intercompany transactions between legal entities of the Group are invoiced on an arm's length basis.

As of January 2021, following changes have been made in the segment reporting:

- The former ICS segment has been split into “BICS” and “TeleSign” and “Domestic” is the operating segment mainly for Belgian markets.
- Domestic revenue no longer includes the eliminations between Domestic & BICS. These are now reported separately in the “Eliminations” category.

As at 31 December 2021

	Proximus Group				underlying by segment			
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,537	0	-1	5,537	4,333	997	326	-120
Other operating income	42	0	0	41	48	2	1	-10
TOTAL INCOME	5,579	0	-1	5,578	4,381	999	327	-130
Costs of materials and services related to revenue	-1,997	-2	0	-1,999	-1,095	-772	-248	115
Direct margin	3,582	-2	-1	3,579	3,286	227	79	-14
Workforce expenses	-1,200	0	9	-1,191	-1,076	-75	-42	3
Non workforce expenses	-554	-80	18	-616	-556	-51	-20	12
TOTAL OPERATING EXPENSES	-1,754	-80	26	-1,807	-1,633	-126	-63	14
OPERATING INCOME before depreciation & amortization	1,828	-82	26	1,772	1,654	102	17	0
Depreciation and amortization	-1,183							
OPERATING INCOME	645							
Net finance costs	-54							
Share of loss on associates	-10							
INCOME BEFORE TAXES	581							
Tax expense	-137							
NET INCOME	445							
Attributable to:								
Equity holders of the parent (Group share)	443							
Non-controlling interests	1							

As at 31 December 2020

(EUR million)	Proximus Group		underlying by segment					
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,443	0	0	5,443	4,313	962	273	-105
Other operating income	38	0	-2	36	43	2	0	-9
TOTAL INCOME	5,481	0	-2	5,479	4,356	964	273	-115
Costs of materials and services related to revenue	-1,901	-2	0	-1,904	-1,073	-737	-195	102
Direct margin	3,580	-2	-2	3,576	3,283	227	78	-13
Workforce expenses	-1,128	0	-13	-1,141	-1,038	-71	-34	2
Non workforce expenses	-530	-82	13	-599	-540	-55	-14	11
TOTAL OPERATING EXPENSES	-1,658	-82	0	-1,740	-1,578	-126	-48	13
OPERATING INCOME before depreciation & amortization	1,922	-84	-1	1,836	1,706	101	30	0
Depreciation and amortization	-1,116							
OPERATING INCOME	805							
Net finance costs	-48							
Share of loss on associates	-1							
INCOME BEFORE TAXES	756							
Tax expense	-174							
NET INCOME	582							
Attributable to:								
Equity holders of the parent (Group share)	564							
Non-controlling interests	18							

In respect of geographical areas, the Group realized EUR 3,858 million net revenue in Belgium in 2021 (IFRS 15 basis) and EUR 3,837 million in 2020 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,679 million in 2021 and EUR 1,606 million in 2020. More than 90% of the segment assets are located in Belgium.

Note 38. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2021.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2022 or later:

Newly issued standards, Interpretations and amendments:

- Amendments to IFRS 3 – Business Combination – Reference to the Conceptual Framework (2022);
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds Before Intended Use (2022);
- Amendments to IAS 37 – Provisions, Contingent liabilities, Contingent assets – Onerous Contract – Cost of Fulfilling a Contract (2022);
- Annual Improvements to IFRS Cycle 2018-2020 (2022);
- IFRS 17 – Insurance Contracts (and related amendments such as Amendments to IFRS 4 Insurance contracts) (2023)
- Extension of the Temporary Exemption from Applying IFRS 9) (2023);
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (2023);
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (2023)
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (2023)
- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (2023)

The Group will continue investigating the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2022.

The Group does not anticipate material impacts from the initial application of those IFRS

Note 39. Post balance sheet events

There are no significant post balance sheet events.

Consolidated management report

Management discussion and analysis of financial results

1. Introductory remarks

Underlying revenue and EBITDA

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

Proximus provides a transparent view of the operational drivers of the business by isolating incidentals, i.e. revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-

year variance of the Proximus Group revenue or EBITDA. In addition, following the application of the IFRS 16 accounting standard, the definition of "underlying" was adjusted to include lease depreciation & interest as of 2019. The adjusted revenue and EBITDA are referred to as "underlying" and allow for a meaningful year-on-year comparison.

Definitions can be found in section 6 of this document.

(EUR million)	Revenues		Ebitda	
	2020	2021	2020	2021
Reported	5.481	5.579	1.922	1.828
Lease depreciations			-82	-80
Lease interests			-2	-2
Incidentals	-2	-1	-1	26
Underlying	5.479	5.578	1.836	1.772
Total incidentals	-2	-1	-1	26
Capital gains on building sales	-2		-2	
Early Leave Plan and Collective Agreement			-3	-2
Fit For Purpose Transformation Plan			-12	10
M&A-related transaction costs		-1	21	13
Pylon Tax provision update (re. past years)			-6	-3
Litigation provisions				6
Other				1

Reporting changes as from 2021

As of January 2021, the reporting changes below have been implemented. The figures for 2020 have been restated accordingly to allow for a meaningful year-on-year comparison.

- Following the acquisition of 100% of BICS by the Proximus Group early 2021, the financial results from the TeleSign segment are reported separately from the BICS segment,

reflecting the individual management and future trajectory of both segments.

- The new BICS revenue, excluding TeleSign, is categorized in legacy, core & growth services
- As from 2021, and restated for 2020, the Domestic segment revenue no longer includes the eliminations between Domestic &

BICS. These are now reported separately in the “Eliminations” category.

- With management’s focus on Direct margin on Domestic level, for which interconnect effects are neutral, the Direct margin for Consumer, Enterprise and Wholesale is no longer reported.

Rounding

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

Covid-19 impacts

Proximus Group proved to be resilient to the sanitary crisis, with its exposure concentrated around reduced Roaming activities following the worldwide limited traveling in 2021. This affected Proximus’ Domestic segment, as well as BICS.

In comparison with 2020, the loss of Roaming revenue and direct margin was limited to the first quarter of the year, after which this negative effect annualized for the remainder of the

year. While there was no negative impact over the last nine months, there has also not been a meaningful rebound yet.

The remaining adverse Covid-19 impact on the company’s EBITDA was in part contained through continued active management of its expenses, in addition to a direct favorable cost impact from a very high degree of homeworking of Proximus employees, leading to lower fuel and energy consumption as well as travel expenses.

Key Figures - 10-year overview

							IFRS 15	IFRS 15&16	IFRS 15&16	IFRS 15&16
Income Statement (EUR million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Reported income	6.462	6.318	6.112	6.012	5.873	5.802	5.829	5.697	5.481	5.579
Revenue incidentals	N/A	N/A	248	17	3	24	21	11	2	1
Underlying revenue	N/A	N/A	5.864	5.994	5.871	5.778	5.807	5.686	5.479	5.578
Reported EBITDA (1)	1.786	1.699	1.755	1.646	1.733	1.772	1.794	1.676	1.922	1.828
Lease depreciation and interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84	84	82
EBITDA incidentals	N/A	N/A	102	-88	-63	-51	-70	-278	1	-26
Underlying EBITDA (1)	N/A	N/A	1.653	1.733	1.796	1.823	1.865	1.870	1.836	1.772
Depreciation and amortization	-748	-782	-821	-869	-917	-963	-1.016	-1.120	-1.116	-1.183
Operating income (EBIT)	1.038	917	933	777	816	809	778	556	805	645
Net finance income / (costs)	-131	-96	-96	-120	-101	-70	-56	-47	-48	-54
Share of loss on associates	0	0	-2	-2	-1	-2	-1	-1	-1	-10
Income before taxes	907	822	835	655	715	738	721	508	756	581
Tax expense	-177	-170	-154	-156	-167	-185	-191	-116	-174	-137
Non-controlling interests	19	22	27	17	25	30	22	19	18	1
Net income (Group share)	712	630	654	492	523	522	508	373	564	443
Cash flows (EUR million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash flows from operating activities	1.480	1.319	1.447	1.386	1.521	1.470	1.558	1.655	1.515	1.621
Cash paid for Capex	-773	-852	-916	-1.000	-962	-989	-1.099	-1.091	-1.089	-1.137
Cash flows from / (used in) other investing activities	-16	38	180	22	0	-189	-8	12	9	-168
Lease payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-78	-82	-79
Free cash flow (2)	691	505	711	408	559	292	451	498	352	237
Cash flows from / (used in) financing activities other than lease payments	-809	-353	-364	-608	-764	-256	-444	-515	-363	-299
Net increase / (decrease) of cash and cash equivalents	-118	152	347	-200	-205	36	7	-17	-13	-62
Balance sheet (EUR million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Balance sheet total	8.243	8.417	8.522	8.283	8.117	8.527	8.671	8.978	8.779	9.233
Non-current assets	6.192	6.254	6.339	6.386	6.372	6.735	6.850	7.160	7.120	7.548
Investments, cash and cash equivalents	285	415	710	510	302	338	344	327	313	249
Shareholders' equity	2.881	2.846	2.779	2.801	2.819	2.857	3.005	2.856	2.903	2.978
Non-controlling interests	211	196	189	164	162	156	148	142	123	0
Liabilities for pensions, other post-employment benefits and termination benefits	570	473	504	464	544	568	605	864	645	508
Net financial position (incl. lease liability)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.492	-2.639	-3.013
Net financial position (excl. lease liability as from 2019)	-1.601	-1.815	-1.800	-1.919	-1.861	-2.088	-2.148	-2.185	-2.356	-2.740
Proximus share	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Weighted average number of ordinary shares (3)	318.011.049	318.759.360	320.119.106	321.767.821	322.317.201	322.777.440	322.649.917	322.918.006	322.752.015	322.751.990
Basic earnings per share - as reported (EUR) (4)	2,24	1,98	2,04	1,50	1,62	1,62	1,58	1,16	1,75	1,37
Total dividend per share (EUR) (5)	2,49	2,18	1,50	1,50	1,50	1,50	1,50	1,50	1,20	1,20
Data on employees	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of employees (full-time equivalents)	15.859	15.699	14.187	14.090	13.633	13.391	13.385	12.931	11.423	11.532
Average number of employees over the period	15.952	15.753	14.770	14.040	13.781	13.179	13.161	13.007	11.544	11.445
Underlying revenue per employee (EUR)	N/A	N/A	410.746	426.958	425.997	438.413	441.238	437.173	474.647	487.381
Total income per employee (EUR)	405.084	401.080	413.826	428.194	426.201	440.240	442.870	438.005	474.783	487.451
Underlying EBITDA per employee (EUR)	N/A	N/A	111.923	123.467	130.315	138.325	141.681	143.801	159.057	154.814
Total EBITDA per employee (EUR)	111.973	107.851	118.798	117.251	125.743	134.483	136.342	128.856	166.467	159.721

Ratios - on reported basis	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Return on Equity	24,7%	22,1%	23,5%	17,2%	18,6%	18,3%	16,9%	13,1%	19,4%	14,9%
Direct margin	59,6%	59,5%	60,4%	60,5%	61,8%	62,7%	63,5%	64,6%	65,3%	64,2%
EBITDA Margin	27,6%	26,9%	28,7%	27,4%	29,5%	30,5%	30,8%	29,4%	35,1%	32,8%
Net debt / EBITDA (6)	0,90	1,07	1,03	1,17	1,07	1,18	1,20	1,30	1,23	1,50
Ratios - on underlying basis	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Return on Equity	N/A	N/A	21,8%	18,9%	19,4%	19,2%	18,4%	19,9%	19,5%	15,5%
Direct margin	N/A	N/A	57,8%	59,6%	61,8%	62,5%	63,4%	64,6%	65,3%	64,2%
EBITDA Margin	N/A	N/A	28,2%	28,9%	30,6%	31,6%	32,1%	32,9%	33,5%	31,8%
Net debt / EBITDA (6)	N/A	N/A	1,09	1,11	1,04	1,15	1,15	1,17	1,28	1,55
CAPEX	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total CAPEX	753	972	994	1.002	949	1.092	1.019	1.035	1.053	1.279
Capex excl Spectrum and Football right	753	852	912	927	949	1.002	1.019	1.027	1.000	1.203

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities but after lease payments.

(3) i.e. excluding Treasury shares

(4) No difference between basic and diluted earnings per share

(5) Accounting view (no cash view)

(6) Net debt excluding lease liabilities

- Solid customer growth over 2021 of main customer bases.
- Underlying Domestic revenue was up by 0.6% to a total of EUR 4,381 million and was kept stable on organic basis. (-0.2%)
- As anticipated for 2021, the Domestic OPEX increased from the previous year, +2.9% on organic basis.
- BICS closed 2021 with EBITDA up 0.6% to total EUR 102 million.
- TeleSign showing initial success of strategy to become Digital Identity leader, posting strong revenue growth, while increased investments are reflected in lower EBITDA.
- The underlying Group EBITDA for the year 2021 totaled EUR 1,772 million, down by -4.0% on organic basis
- FCF of EUR 237 million, or EUR 376 million on normalized basis i.e. + 6.4% compared to 2020.

2. Proximus Group

Revenue

The Proximus Group ended the year 2021 with total underlying revenue of EUR 5,578 million, an increase from the prior year of +1.8% or EUR 99 million. On organic basis the Group revenue was up by +1.2%.

Group underlying revenue
EUR 5,578M

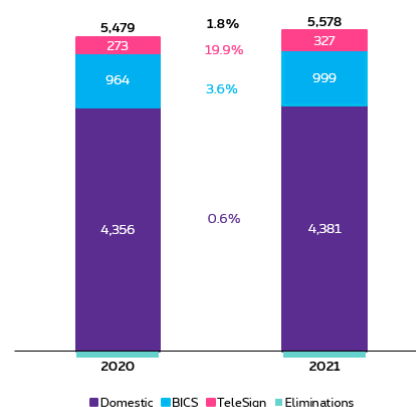
Within the mix, the underlying Domestic revenue was up by 0.6% to a total of EUR 4,381 million. This includes a non-organic revenue contribution from Mobile Vikings, consolidated as of 1 June 2021 in the Proximus Consumer revenue. On organic basis, and in spite of some remaining Covid-19 headwinds over the first months of the year, the organic Domestic revenue was kept nearly stable at EUR 4,347 million (-0.2%). The support from the solid operational results from both the Consumer and Enterprise units was offset by the loss in low-margin Wholesale Interconnect revenue, following the continued decrease in regular SMS usage with customers moving to OTT services.

In 2021, BICS grew its revenue by 3.6% to EUR 999 million, with a gradual improvement as from the second quarter 2021 with the negative effect of the pandemic on worldwide travel

starting to annualize. The pick-up in European international travel was in particular reflected in the core revenue of BICS, showing a 16.7% increase from 2020. BICS also noted a strong traction for Cloud communication services. This offset the eroding lower-margin legacy revenue.

TeleSign posted a strong sales year, with revenue up by 19.9% (including a negative currency effect). The growth was driven by both Programmable Communications and Digital Identity services.

Group revenue by segment (underlying, M€)



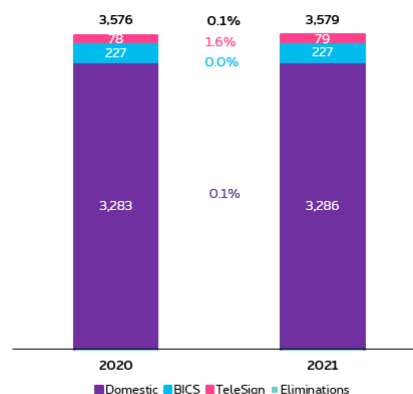
Direct Margin

Over the full year 2021 Proximus Group posted an underlying direct margin of EUR 3,579 million, i.e. +0.1% up from full-year 2020, including Covid-19 headwinds over the first months, gradually annualizing as of mid-March 2021. The year-on-year increase of EUR 3 million came mainly from the Domestic direct margin, up by 0.1% to a total of EUR 3,286 million. On organic basis, the Domestic direct margin was -0.5% down. BICS maintained a stable twelve-month direct margin at EUR 227 million. For TeleSign the year-to date December Direct margin totaled EUR 79 million, +1.6% from the preceding year, including a significant negative currency effect.

Group underlying direct margin

EUR 3,579M

Direct Margin (underlying, M€)



Operating expenses (OPEX)

The operating expenses for the Proximus Group were up from the year before, reaching a total of EUR 1,807 million, +3.9% more compared to 2020.

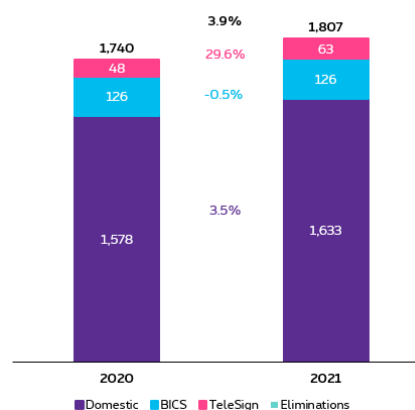
The **Domestic OPEX** totaled EUR 1,633 million, a +3.5% increase. The OPEX from Mobile Vikings aside, the organic Domestic OPEX increased by +2.9%. Proximus' ongoing cost efficiency program partly offset the anticipated higher OPEX for 2021.

BICS kept its level of OPEX to EUR 126 million for 2021, a fairly stable amount to the year before, as a result of strong cost management.

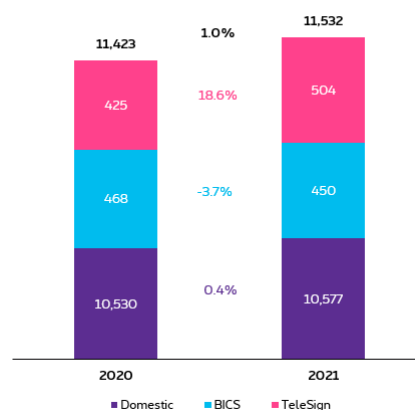
TeleSign's operating expenses totaled EUR 63 million, EUR 14 million higher versus 2020, driven by the significant investments in its growth trajectory.

The Operating Expenses increased for 2021, reaching a total of EUR 1,807M for the Proximus Group.

Operating expenses (underlying, M€)



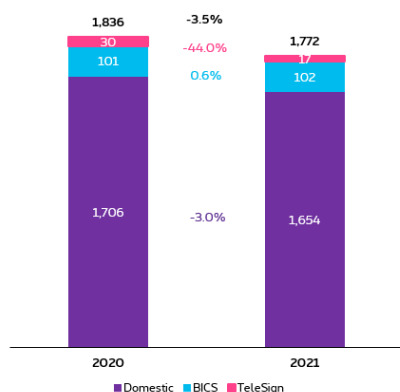
Headcount evolution (in FTE per YE)



Underlying EBITDA

The underlying Group EBITDA for the year 2021 totaled EUR 1,772 million, down by -3.5% or EUR -64 million compared to the prior year, with the largest part resulting from a -3.0% decline in Domestic EBITDA. On organic basis, the year-to-date underlying Group EBITDA was down by -4.0% to a total of EUR 1,763 million.

Group EBITDA by segment (underlying, M€)



Domestic underlying EBITDA

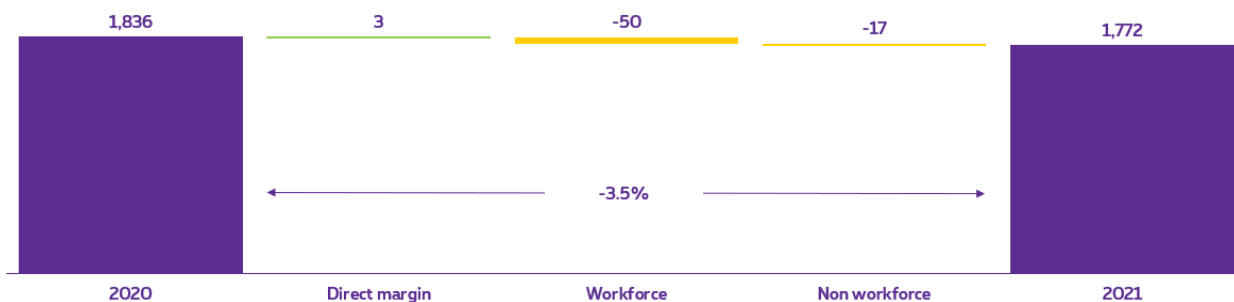
€ 1,654M

The **Domestic operations** of Proximus posted EUR 1,654 million EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

BICS closed 2021 with EBITDA up 0.6% to total EUR 102 million, with both its Direct margin and Operational costs relatively in line with 2020. BICS' segment margin as percent of revenue for 2021 was 10.2%, compared to 10.5% the previous year.

TeleSign kept a positive EBITDA for 2021, totaling EUR 17 million, with the year-on-year decline reflecting the significant investments to support its growth ambitions

Group EBITDA evolution (underlying, M€)



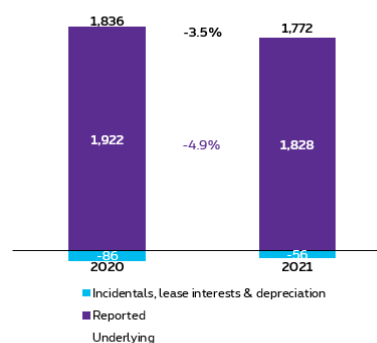
Reported EBITDA

Incidentals included, and operating lease excluded, the Proximus Group reported EBITDA of EUR 1,828 million, compared to EUR 1,922 million in 2020.

In 2021, the Proximus Group recorded a net of EUR 26 million in incidentals, compared to EUR 1 million net positive EBITDA incidentals for 2020. For 2021, the incidentals included, amongst others, costs related to M&A transactions and headcount-related transformation costs (e.g. Proximus' Fit for Purpose Plan).

The lease depreciation and interest for 2021 were EUR -2 million lower year-on-year, totaling EUR 82 million. (As from 2019, following the application of IFRS 16, these expenses are excluded from the reported EBITDA).

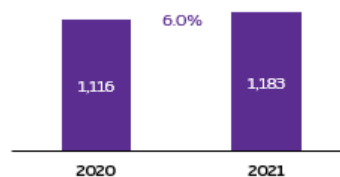
Reported and underlying EBITDA (M€)



Depreciation and amortization

In 2021, the depreciation and amortization totaled EUR 1,183 million, including lease depreciation. This compares to EUR 1,116 million for 2020. The 6% increase is mainly due to the review of the useful life of some network components and an increasing asset base.

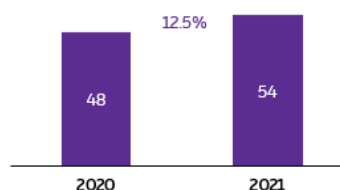
Depreciation and amortization incl. lease depreciation (M€)



Net finance cost

The full-year 2021 net finance cost totaled EUR 54 million including lease interests, 12.5% up from one year ago, mainly due to the put liability remeasurement of BeMobile shares.

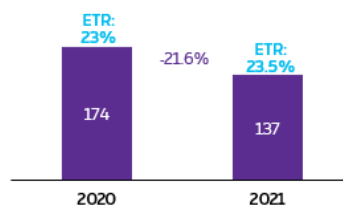
Net finance cost incl. lease interest (M€)



Tax expense

The 2021 tax expenses of EUR 137 million represent an effective tax rate of 23.5%. The ETR is below the Belgian statutory tax rate of 25%, following the application of general principles of Belgian tax law such as the innovation income deduction and other R&D incentives.

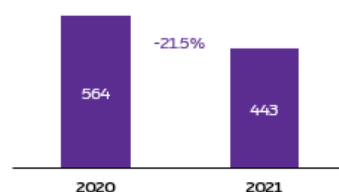
Tax expense (M€) and ETR



Net income

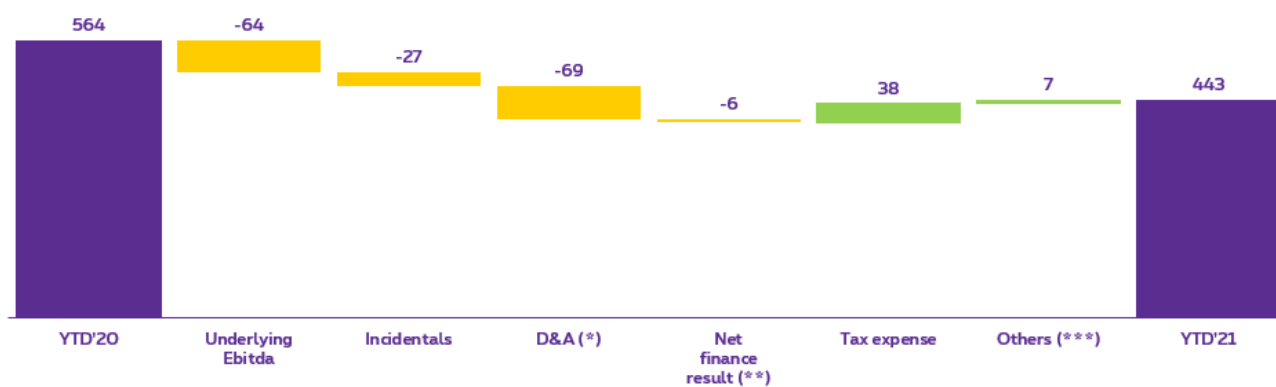
The 2021 full-year net income (Group share) totaled EUR 443 million versus EUR 564 million for 2020. The decrease of EUR -121 million is mainly explained by lower EBITDA, as well as higher depreciation and amortization, partially offset by a decrease in tax expenses.

Net income (Group Share) (M€)



€ 443M
Net income

Net income evolution (M€)



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

CAPEX (excl. spectrum & football broadcasting rights)

Excluding spectrum and football broadcasting rights, the Proximus Group accrued CAPEX over the year 2021 totaled EUR 1,203 million. All included, Proximus Group accrued CAPEX totaled EUR 1,279 million, compared to EUR 1,053 million for 2020.

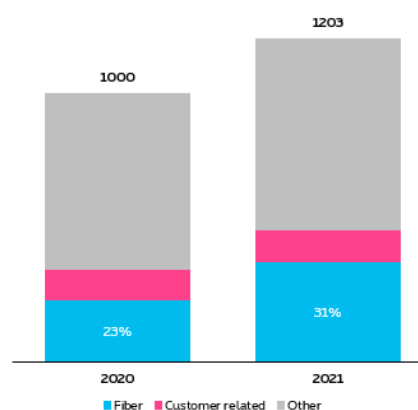
The year-on-year increase of EUR 203 million from the 1 billion for 2020 was in large part driven by Proximus' investments in its Gigabit networks. In 2021, the announced Mobile network (RAN) consolidation between Proximus and Orange Belgium started, led by the created joint-operation Mwingz.

Fiber related investments counted for 31% of the total CAPEX. By end-2021, Proximus was deploying Fiber in 35 cities and municipalities in Belgium¹. By end 2021, Proximus' Fiber footprint totaled 813,000 premises, representing a Fiber coverage of nearly 14%.

Following an increased level of customer installations over 2021 compared to the previous year, the customer-related CAPEX increased, covering customer equipment and activation costs for both Fiber and Copper customers.

Moreover, in line with its strategy, Proximus increased its investments in Digitalization and IT transformation.

Accrued CAPEX (M€)



Free Cash Flow

Proximus Group generated a total FCF over the year 2021 of EUR 237 million, or EUR 376 million on normalized basis. The normalization is chiefly related to the acquisition of Mobile Vikings. On normalized basis, the FCF increased by 6.4% or EUR 23 million compared to 2020.

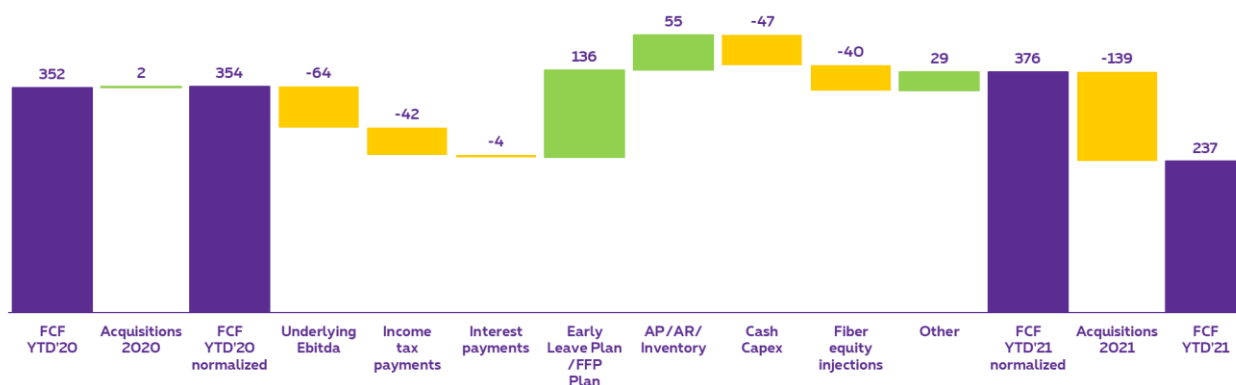
Over the year 2021, Proximus posted higher cash flow from operating activities, mainly as a result of a lower year-on-year cash out for its ongoing transformation plans and lower

business working capital needs. This was partly offset by a decrease in the underlying EBITDA and a higher level of income tax pre-payments. The cash out related to CAPEX was up by EUR 47 million year-on-year, largely driven by Proximus' Fiber roll-out. Furthermore, the 2021 cash-flow includes a EUR 40 million equity injection in the Fiber joint-ventures Fiberklaar and Unifiber, the two entities created to deploy Fiber in the Flanders and Walloon regions, respectively.

€ **376M** normalized FCF

¹ Fiber partners Fiberklaar and Unifiber also started civil works in 10 cities.

Free Cash Flow evolution (M€)

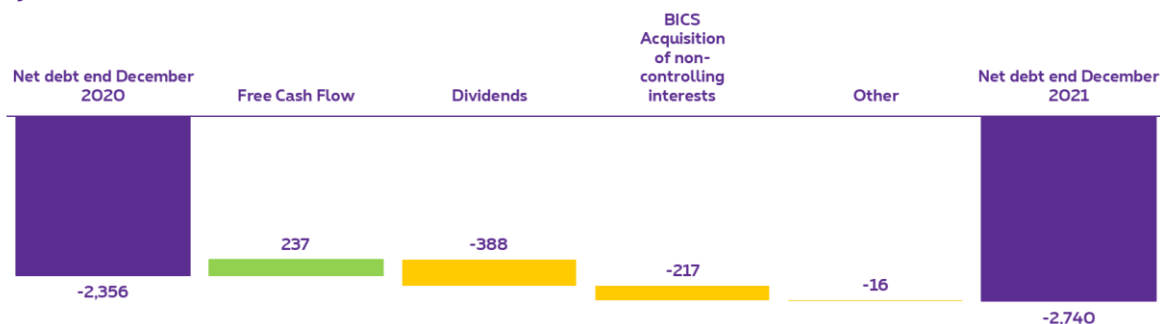


Net financial position

Proximus' adjusted² net debt level increased to EUR 2,740 million by end-2021. The underlying net debt/EBITDA ratio of

1.55 for 2021 remains one of the lowest in the European Telecom sector.

Adjusted net debt evolution (M€)



Sustainable finance

Sustainable finance framework

Sustainability has become increasingly important to customers, suppliers and employees, but also to both private and institutional investors. To provide them with clear and transparent information about its green & social investment strategy, Proximus published its Sustainable Finance Framework in May 2021.

Proximus believes that green, social and sustainable finance instruments are an effective tool to channel investments to projects that have demonstrated climate and social benefits and thereby contribute to the achievement of the sustainable development goals (SDGs).

By issuing green, social and sustainable finance instruments, Proximus intends to align its funding strategy with its mission, sustainability and climate strategy and targets.

Green bond

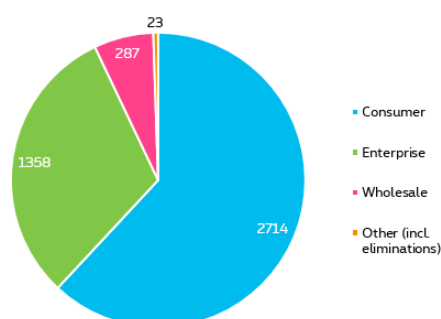
In November 2021, Proximus released its first EUR 750 million Green Bond to finance or refinance projects with a positive effect on energy efficiency, renewable energy, clean transportation, green buildings, circular economy, and social & digital inclusion.

² Net debt excluding lease liabilities

- Domestic revenue of EUR 4,381 million in 2021, up by 0.6% from 2020.
- Consumer revenue over 2021 totaled EUR 2,714 million, up by 1.7% or +0.1% on organic basis.
- Enterprise revenue increased to EUR 1,358 million for 2021, a +0.6% growth from 2020.
- Wholesale revenue of EUR 287 million in 2021, a -8.4% decline compared to 2020, largely related to Interconnect revenue erosion, with no material margin impact.
- Proximus posted EUR 1,654 million Domestic EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

3. Domestic

Domestic revenue by unit (underlying, M€)



For its Domestic operations, Proximus posted revenue of EUR 4,381 million in 2021, an increase of 0.6% or EUR 25 million from the year 2020. The Consumer unit accounted for about 62% of the total Domestic revenue, the Enterprise unit 31% and the Wholesale segment 7%.

Consumer revenue

The Consumer revenue over 2021 totaled EUR 2,714 million, up by 1.7% or EUR 46 million compared to 2020. Excluding the contribution from Mobile Vikings, the organic Consumer revenue variance remained positive at +0.1%.³

2,004,000
Fixed Internet customers
+ 39,000 in 2021

1,709,000
TV subscribers
+ 43,000 in 2021

Postpaid, while the Fixed Voice base continued its eroding trend as a consequence of changing customer needs.

The organic Proximus Mobile Prepaid base also continued its declining track in a shrinking prepaid market. With the Prepaid base of Mobile Vikings consolidated in June 2021, the total number of Prepaid cards was raised to 669,000.

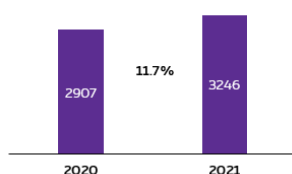
The targeted price indexation on 1 January 2021 brought some relief and encouraged the customer to move out of older offers into more recent commercialized offers such as the Flex combinations.

The Consumer revenue was supported by another strong growth for Proximus' main customer bases: TV, Internet and Mobile

³ Revenue from Mobile Vikings is included in Other revenue. The Postpaid and Prepaid mobile base is consolidated in the total of Consumer revenue.

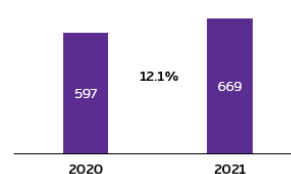
Postpaid cards ('000)

(2021 including Mobile Vikings)



Prepaid cards ('000)

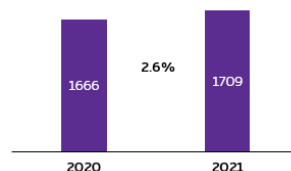
(2021 including Mobile Vikings)



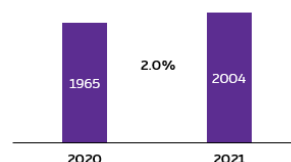
The customer traction for Internet, TV and Mobile benefitted from Proximus' convergent strategy and its multi-brand approach. The Proximus and Scarlet brands address different customer segments in the Belgian market. With the acquisition of Mobile Vikings in June 2021, the Consumer offer was further completed by a brand addressing the more tech-savvy part of the market. On 1 June 2021, the Postpaid base of Mobile Vikings for a total of 191,000 Postpaid cards, was consolidated in the total Proximus consumer base.

In a highly competitive market, the Consumer segment managed to grow its TV customer base by +43,000 TV subscriptions over the course of 2021, to a total of 1,709,000 and its Internet customer base by +39,000 to a total of 2,004,000 by end-2021. This is a mix of customers on the historical copper network, and a growing number of customers on the new Fiber technology.

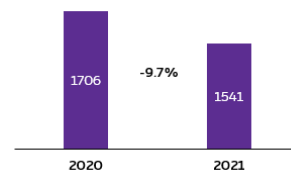
TV customers ('000)



Fixed Internet customers ('000)



Fixed Voice customers ('000)



With Proximus deploying Fiber in 35 cities, the product superiority of Fiber becomes an increasingly relevant sales proposal. Over the year 2021, the number of activated Fiber customers increased by an additional +58,000, comprised of a mix of onboarding new customers and migrating copper customers. This compares to +26,000 activated Fiber customers in 2020. By end-2021 the total Consumer Fiber base totaled 123,000.

The revenue generated by customers subscribing to Proximus' different product lines is referred to as Customer services revenue or **X-Play revenue**. For 2021, 81% of the total Consumer revenue, i.e. **EUR 2,188 million was generated by Customer services (X-play)**. This is **-0.7% or EUR -15 million below 2020**, including some unfavorable year-on-year effect from higher Voice usage during the 2020 (soft-) lockdowns and some remaining negative impact over the first months of the year following the Covid-19 related world-wide downturn in travel, reducing roaming volumes. This headwind started to lapse in March 2021.

As a result of the ongoing move of customers to convergent offers at higher Average Revenue per Customer (ARPC), and further supported by the 1 January 2021 price indexation, the overall ARPC

continued to grow, with the ARPC for 2021 up by +0.7% from one year back, reaching EUR 59.0.

Proximus' convergent Flex offers continued their success over 2021, with Proximus counting a total of 832,000 Flex subscriptions by year-end. This is an increase of 515,000 from twelve months back, comprised of a mix of onboarding new customers and migrating customers from legacy packs.

The traction of Flex further boosted the number of multi-mobile customers, driving a gradual increase in the overall RGU over the year to 2.71 RGUs for the last quarter of 2021, an increase of +2.8% from the comparable period in 2020.

In the mix, **revenue from Convergent customers increased further, up by +2.7% year-on-year reaching EUR 1,292million**. In 2021, Proximus grew its convergent base by +68,000 customers, reaching a total of 1,192,000, up by 6.1% from 12 months back. The growth driver of the Convergent revenue is the ongoing strong increase in convergent 3-Play customers. Proximus grew its convergent 3-Play base by +99,000 customers, to reach 447,000 customers by end-2021. As result, the 3-Play convergent revenue grew by 29.3% to a total of EUR 432 million. The 2021 ARPC of a

convergent 3-Play customer was EUR 90.1, -3.4% below that of 2020. The 3-Play convergent ARPC shows a steady decrease, reflecting the ongoing trend of customers waiving the fixed voice line when migrating to one of the Proximus Flex offers. The high uptake of 3-Play convergent offers largely explains the downward trend in the number of 4-Play customers, down by -27,000 to a total base of 661,000 by end-2021, as well as the decrease in the Fixed -and Mobile postpaid-only customer bases. With the number of customers subscribing to Proximus' convergent offers rising, Proximus' base of Fixed-only customers decreased to 1,063,000 by end-2021. These customers generated in 2021 an ARPC of EUR 47.4, -0.3% below the previous year. Likewise, the number of customers only having a Mobile subscription at Proximus further came down, to the benefit of Convergent packages. By end-2021, the Consumer unit counted a Mobile postpaid-only base of 812,000 customers, a year-on-year decrease of -5.8%. These customers generated an ARPC of EUR 27.0, +2.1% up from the previous year driven by a favorable price tiering.

In addition to the above-described revenue from Customer services, the Consumer segment revenue also includes revenue from

Terminals, Mobile Prepaid, its Luxembourg telecom business and Other revenue, with the latter including revenue from Mobile Vikings.

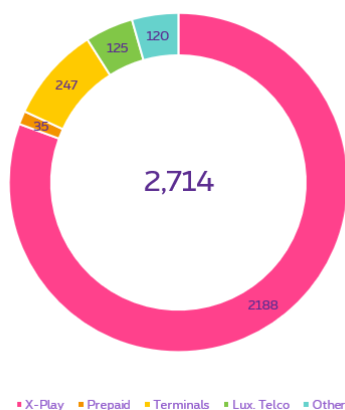
For 2021, the total revenue from Terminals totaled EUR 247 million, EUR 17 million above 2020, which was impacted by Covid-related store closure.

Driven by the ongoing decrease in the Prepaid base, revenue from Mobile Prepaid continued its eroding trend, with revenues down to EUR 35 million for 2021. Proximus' total Prepaid base totaled 669,000 by end-2021, including Prepaid cards from Mobile Vikings.

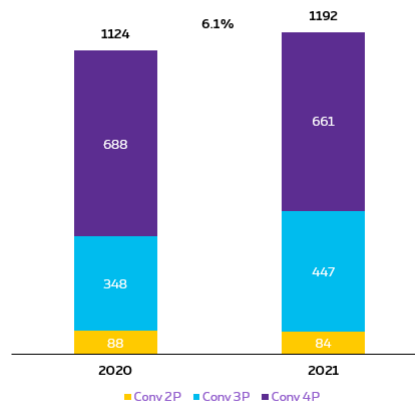
Proximus' Luxembourg telecom revenue came in strong over 2021 for the Consumer side, up by +7.2% to EUR 125 million revenue, mainly resulting from a higher number of mobile and fixed subscriptions, and an increase in mobile device sales.

Proximus Consumer posted EUR 98 million in its Other revenue. The year-on-year increase of EUR 42 million fully resulted from the consolidation of Mobile Vikings in June 2021.

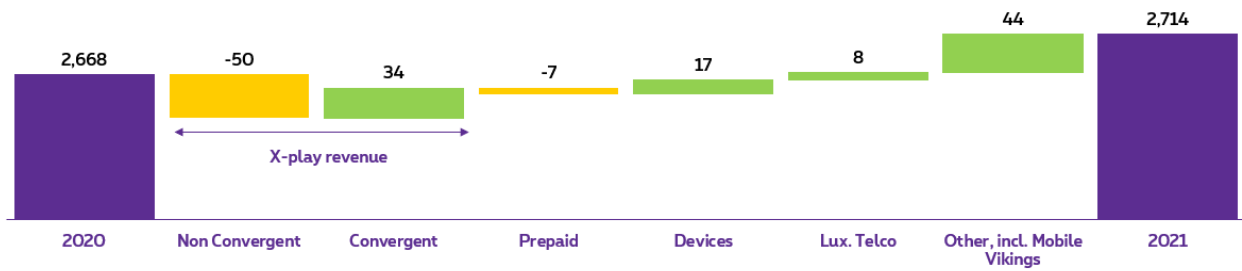
81% Consumer revenue generated by X-Play Customers



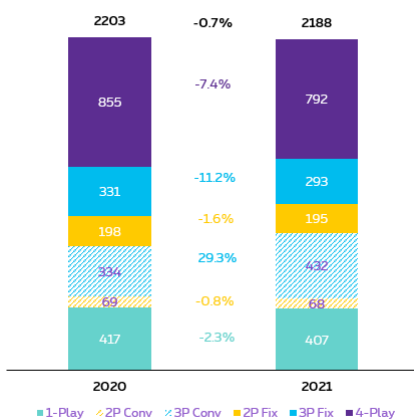
Convergent Customers ('000)



Consumer revenue build up (underlying, M€)



Customer revenue per X-Play (M€)



+2.7%
Convergent revenue

Customer trend to move to 3-Play convergent offers drives strong increase in multi-mobile, while reducing Fixed Voice

Average revenue per Customer
€59.0

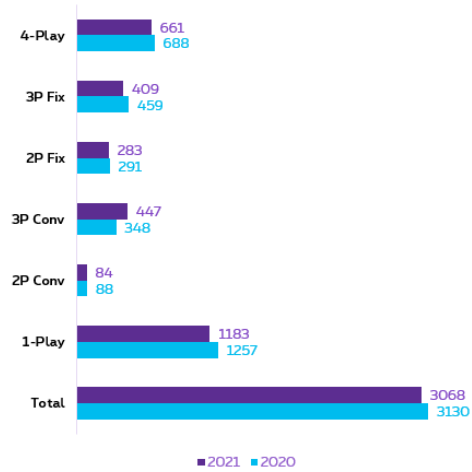
3-Play convergent ARPC
€ 90.1

Total Convergent customers
+6.1%

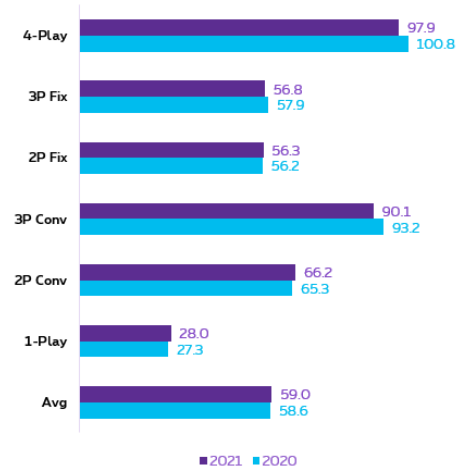
Convergence rate
63.3%

Average RGU
2.71

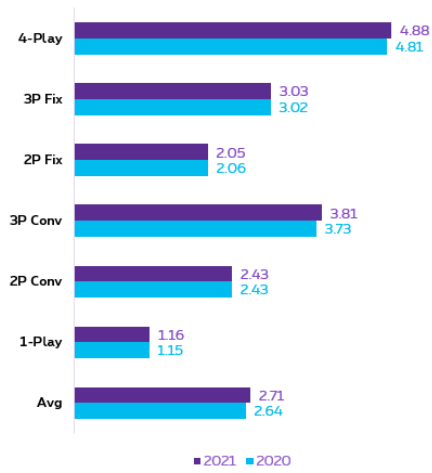
Customers per X-play ('000)



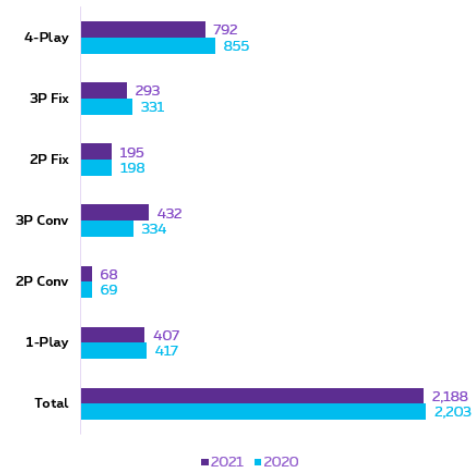
Average Revenue per Customer (€)



Average Revenue Generating Units per Customer



Customer Revenues (M€)



Enterprise revenue

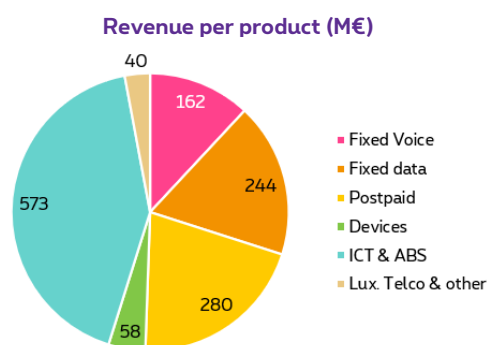
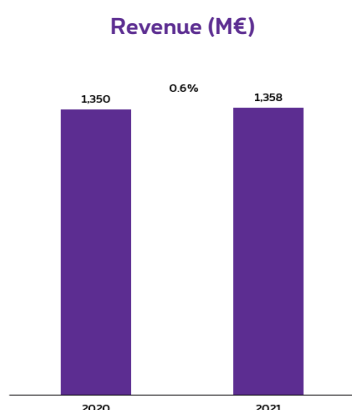
Proximus' Enterprise segment increased its revenue to EUR 1,358 million for 2021, +0.6% growth from 2020. The business market remained a challenging competitive environment, whereby Proximus' Enterprise unit is transforming into a convergent player.

The 2021 revenue growth was, besides higher revenue from devices, mainly driven by a positive revenue evolution in Mobile Services, Fixed Data Services, and especially strong progress in revenue from high-value ICT services, even though this was more than offset by lower revenue from ICT products at lower margin. Moreover, the erosion of the Fixed Voice line base weighed on the

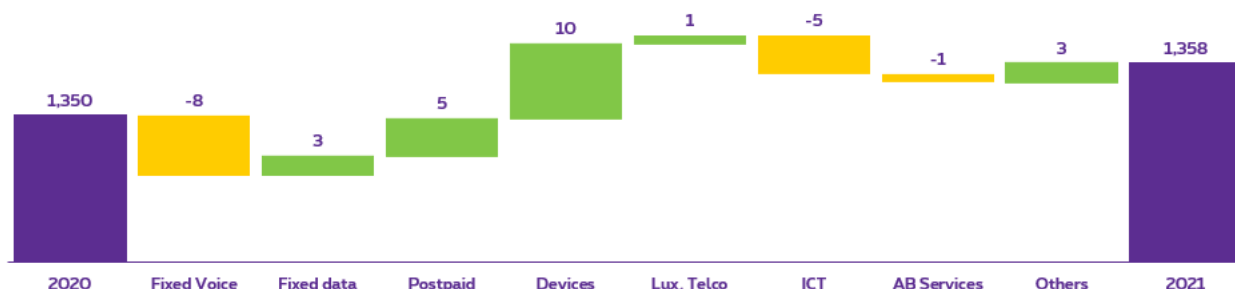
revenue, though the associated revenue loss remained significantly below the loss of 2020.

The start of the year reflected some remaining Covid-19 effects, especially limited business travel affecting the Roaming revenue. This negative year-on-year impact started to annualize in the second quarter of the year.

The sanitary crisis accelerated the digital transformation in enterprises which led to growth in IT services such as Advanced Workplace, Security services, Application & Data Integration and Cloud services, which did well during the course of 2021. Moreover, with Proximus being a partner in Belgium's vaccination campaign, the Enterprise segment benefitted from a non-structural increase related to Voice traffic to vaccination centers, i.e. call routing via VAS numbers (toll-free).



Revenue evolution per product group (underlying, M€)



Mobile services (Postpaid)

The Enterprise mobile service revenue for 2021 totaled EUR 280 million, an increase of +1.9% from the previous year. The start of the year still included a substantial negative Covid-19 effect with reduced traveling weighing on the Mobile Roaming revenue. The annualization of this effect in the second quarter 2021 was

translated in a significant improvement in the Mobile ARPU trend. The ongoing competitive pricing pressure in the B2B unit was compensated for by a favorable evolution in mobile managed services and network services such as increased A2P messaging.

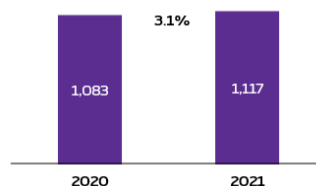
Over the full-year 2021, the Mobile ARPU was EUR 20.0, -2.2% down from 2020, compared to a -9.7% decrease for 2020.

Mobile postpaid cards added
(excluding M2M)

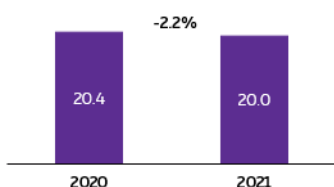
+34,000

The main revenue driver remains the solid year-on-year growth in the Enterprise Mobile customer base, up by 34,000 postpaid SIM cards over the past twelve months or +3.1%. The annualized churn level was maintained at a low 9.4%, -0.7p.p. from one year ago.

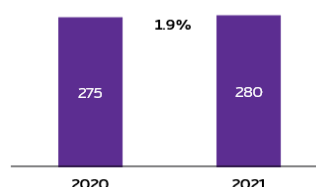
Mobile postpaid cards ('000)



Mobile postpaid ARPU (€)

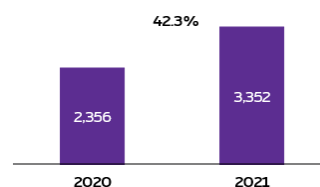


Mobile services revenue (M€)



The Enterprise Mobile Service revenue was supported by a favourable M2M revenue evolution, driven by continued growth in its M2M park, boosted by the last phase of Fluvius' Smart metering project. With over 996,000 additional M2M cards activated in 2021, Proximus closed the year with a total of 3,352,000 M2M cards. This is an increase of +42.3% from one year back.

Machine-to-Machine cards ('000)

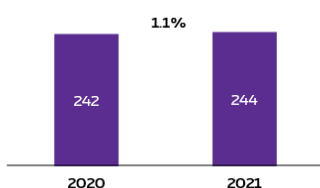


Fixed data

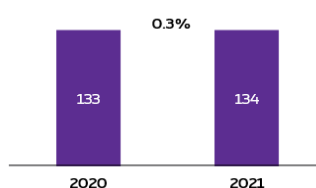
The 2021 revenue from Fixed Data services was +1.1% up from the previous year, totaling EUR 244 million for 2021. Revenue from the Data Connectivity Services, the largest portion of this product category, was slightly up, due to a positive balance between eroding legacy and growing new data connectivity services, supported by Proximus' growing point-to-point fiber park.

In a competitive setting for Business Internet, the Internet ARPU was up by 1.2% to EUR 43.7, mainly benefitting from the 1 January 2021 price indexation and a growing share of Fiber in the total internet park. Moreover, Proximus maintained a slight favorable trend in its Enterprise Internet base, +0.3% up compared to one year back, closing the year 2021 with 134,000 Internet lines.

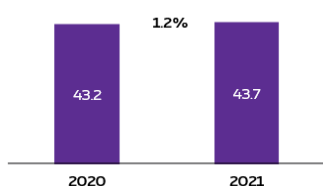
Fixed Data revenue (M€)



Fixed Internet subscriber base ('000)



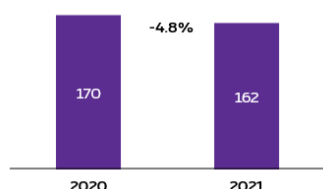
Fixed Internet ARPU (€)



Fixed Voice

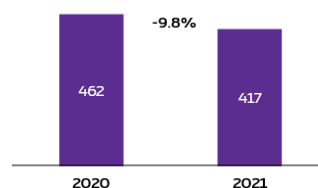
The Enterprise segment posted EUR 162 million in Fixed Voice revenue for 2021, a year-on-year decline of -4.8%, slowing down from the -8.0% in 2020.

Fixed Voice revenue (M€)



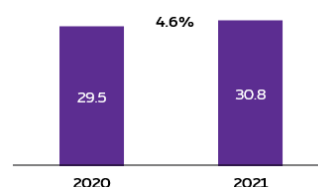
The cause for the Fixed Voice revenue erosion remains the decrease of the Fixed Voice park, by -9.8% in 2021. Over the year, the Enterprise Fixed Voice base was lowered by -45,000 Fixed Voice lines, resulting in a total base of 417,000 by end-2021. This was driven by an ongoing rationalization by customers on Fixed-line connections, lower usage and technology migrations to VoIP.

Fixed Voice park ('000)



The unfavorable revenue impact was partly offset by a positive ARPU evolution, up by +4.6% to EUR 30.8, supported by the 1 January 2021 price indexation and a non-structural increase related to Voice traffic to Covid-19 vaccination centers, i.e. call routing via VAS numbers (toll-free).

Fixed Voice ARPU (€)

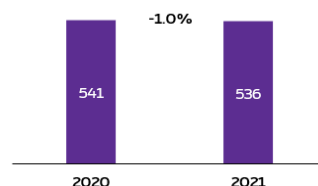


ICT

Proximus' Enterprise unit posted for ICT revenue of EUR 536 million, -1% below the previous year.

Within the revenue mix, revenue from high-value services was up from 2020, with an especially good performance in Advanced Workplace, Cloud services, Security services, and Application & Data Integration. The good performance of ICT services reflects the initial successful transformation of the Enterprise business unit into a convergent player, with a high focus on higher-margin next gen ICT services. Revenue from products with a lower margin were down from 2020, with the global chip shortage affecting some of Proximus' hardware suppliers.

ICT Revenue (M€)

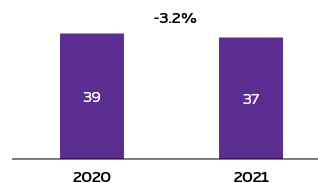


Advanced Business Services

Revenue from Advanced Business Services totaled EUR 37 million for 2021, showing a EUR -2 million decrease compared to the previous year.

Advanced Business Services contains both Proximus' growing convergent solutions, and Smart mobility revenue from Be-Mobile, occupying a unique position in the field. Revenue from Smart Mobility came under light pressure with declining legacy technology revenues in transition towards other emerging technologies.

Advanced Business Services revenue (M€)



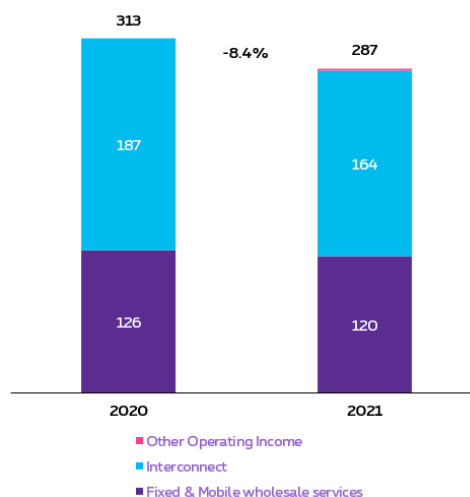
Wholesale revenue

For its Wholesale operations, Proximus posted EUR 287 million revenue in 2021, a -8.4% or EUR -26 million decline compared to 2020.

The revenue decline was for EUR -23 million related to the erosion in Interconnect revenue, with no material margin impact. Part of this reflects the EU regulation which lowered the Fixed & Mobile Termination rates as from 1 July 2021. The largest part however is the result of an ongoing decrease in SMS usage, mainly attributable to the COVID 19 impact in the first quarter of 2021, while there was no COVID 19 impact yet in the first quarter of 2020.

Revenue generated by Fixed and Mobile wholesale services was down by -4.2%, totaling EUR 120 million. Within the mix, wholesale roaming and legacy connectivity services were lower year-on-year partly offset by higher revenue from Wholesale Internet and Mobile services.

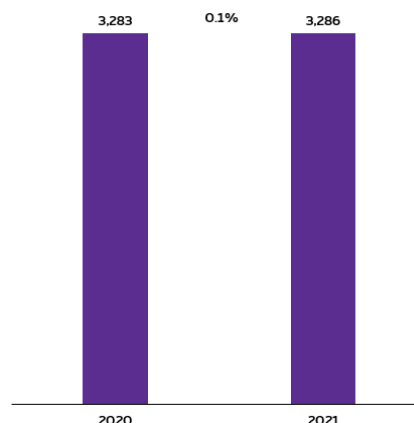
Revenue (M€)



Domestic Direct Margin

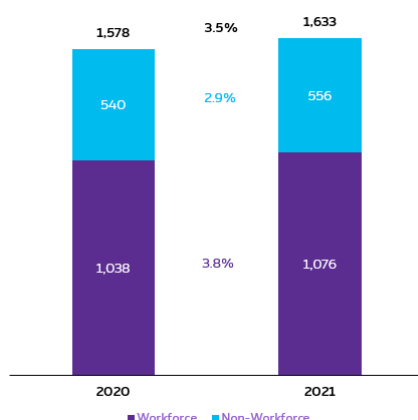
Proximus' Domestic operations posted a direct margin of EUR 3,286 million, +0.1% or EUR 3 million above the prior year. On an organic basis the Domestic Direct margin was slightly down by -0.5%. This reflected, amongst others, the ongoing downward trend of the Fixed Voice line base, at higher margin, offsetting the solid customer growth for Proximus' other main services, including TV, Internet, Mobile and ICT.

Domestic direct margin (underlying, M€)



Domestic OPEX

Domestic operating expenses (underlying, M€)



The full-year 2021 Domestic Operating Expenses totaled EUR 1,633 million, a +3.5% increase from 2020, or +2.9% on organic basis.

The organic increase by EUR45 million resulted from a combination of : 1-less exceptional cost benefits compared to 2020 which included a higher degree of Covid-19 related cost containment; 2- higher OPEX of temporary nature such as operational costs related to the mobile network consolidation by MWingz and company transformation expenses; and 3- structural higher costs related to the Fiber deployment and initial cloudification effects whereby the nature changes from capitalized expenses to operational costs.

The Domestic workforce expenses were up by 3.8% to EUR 1,076 million, in line with the company's expectations set for the year. The increase from 2020 includes the year-on-year effect of inflation-based salary increases. (1 April 2020 and 1 October 2021).

Moreover, external workforce expenses were up year-on-year, amongst others providing support for the company's growth ambitions in the B2B domain and Fiber-related expenses.

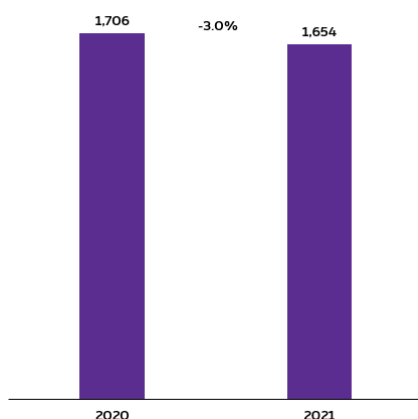
End-2021 Proximus' Domestic headcount counted 10,577 FTEs, including the 69 Mobile Vikings employees who joined the Proximus Group as of 1 June 2021. The limited net increase compared to the 10,530 FTEs end-2020 resulted from natural outflow and pensioning offsetting new hiring.

The Domestic non-workforce expenses were up by +2.9% for 2021. The ongoing tight cost control as part of Proximus' Domestic cost program compensated partly for the higher costs related to Proximus' ongoing transformation, the rising number of Fiber activations, and the increasing effect of cloudification.

The indirect expenses of Proximus' Domestic operations, i.e. excluding the billable ICT workforce expenses in the B2B domain, were up for 2021 by +2.5%, on organic basis.

Domestic EBITDA

Domestic EBITDA (underlying, M€)



The **Domestic operations** of Proximus posted EUR 1,654 million EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

This resulted from the higher operating expenses in 2021, whereas the Direct Margin was kept positive year-on-year (+0.1%). The Domestic EBITDA margin as percentage of revenue was down by -1.4 pp from the year before, reaching 37.7% for 2021.

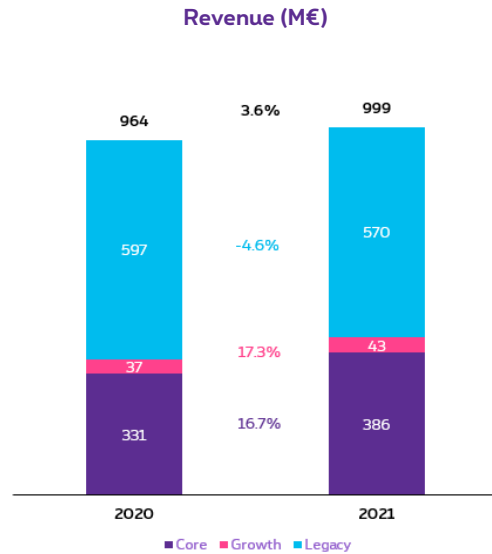
4. BICS

Revenue

The revenue of BICS for 2021 amounted to EUR 999 million, a year-on-year revenue increase of +3.6%. This was mainly driven by its Core services (messaging, mobility and infrastructure), up from the previous year by 16.7% or EUR 55 million. The year-on-year growth resulted from strong Messaging revenue driven by high A2P volumes combined with a favorable destination mix for 2021. Moreover, Mobile Services were supported by the gradual comeback in International travel.

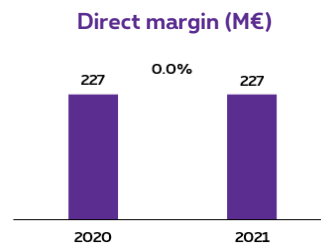
For BICS' Growth services, namely cloud communication, IoT and fraud prevention services, a total revenue of EUR 43 million was posted. The 17.3% increase from 2020 resulted from a strong traction for cloud communication specifically in cloud-based voice services for a number of leading digital enterprises.

In an inherently declining Legacy market, BICS focused on growing its volumes, limiting the revenue erosion and preserving margins. For 2021, BICS' legacy services totaled EUR 570 million, down by -4.6%, with limited impact on the Direct Margin.



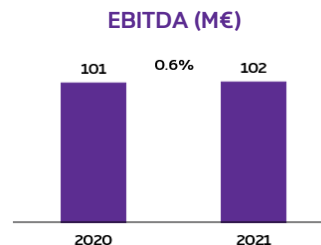
Direct margin

For 2021, BICS posted a direct margin of EUR 227 million, stable compared to 2020. The remaining negative Covid-19 effects on Mobility services (pandemic-related travel drop) started to fade in the second quarter, after the trend changed into a year-on-year growth for the second half of the year. The headwind from MTN's ongoing insourcing started to fade in the course of 2021 as well.



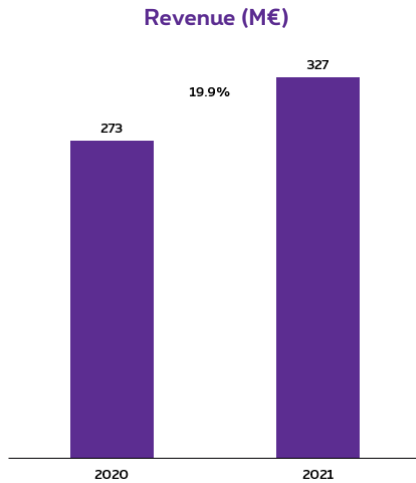
EBITDA

The 2021 EBITDA of BICS amounted to EUR 102 million, +0.6% compared to the previous year, following strong cost control. The EBITDA margin as a percentage of revenue was slightly down to 10.2%, -0.3 p.p.



5. TeleSign

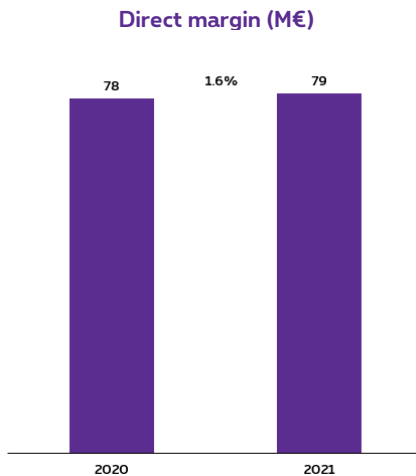
Revenue



TeleSign posted EUR 327 million of revenue over 2021, a year-on-year increase of +19.9% (including a negative year-on-year currency effect).

In 2021, TeleSign progressed well on its growth ambitions in the domain of high-margin Digital Identity Services, showing a strong year-on-year revenue growth. Programmable Communications (CPaaS) was the largest revenue contributor in the total and closed the year with a strong double-digit revenue growth.

Direct Margin

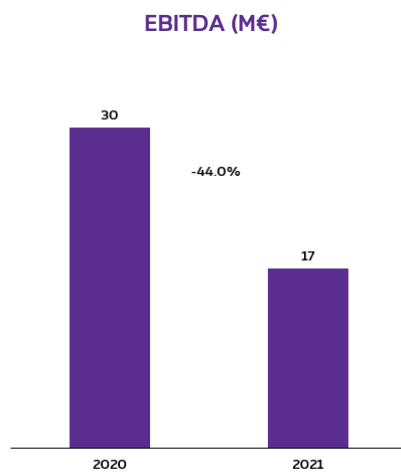


TeleSign's 2021 direct margin was up by 1.6% year-on-year to EUR 79 million⁴ (including a negative currency impact). The increase was driven by strong growth in high-margin Digital Identity services, benefitting from newly signed contracts in the course of 2021.

⁴ TeleSign benefitted in 2021 in a limited way from the transfer of number of Digital Services customers previously buying A2P messaging services from BICS. These customer contracts were migrated to TeleSign in view of a more coherent split between the two companies. The customer

migration started in the fourth quarter 2021, with the concerned CPAAS direct margin being less than EUR 0.5 million.

EBITDA



Following the anticipated headcount investments to support TeleSign's growth ambitions, with among others additional hiring in TeleSign's go-to-market and R&D, as well as the development of its products and marketing, operating expenses increased by EUR 14 million year-on-year, to a total of EUR 63 million for 2021.

These investments in TeleSign's growth strategy were reflected in its EBITDA, totaling EUR 17 million for 2021, a decrease by EUR-13 million from one year ago.

6. Definitions

A2P: stands for Application to Person messages

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

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

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

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

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

ARPU: Average Revenue per Unit.

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

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

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

BICS: Fully owned subsidiary of Proximus, providing international wholesale solutions for voice and mobile data providers worldwide, with an expertise in security and CPaaS solutions.

BICS legacy: represents mainly voice services.

BICS core: represents messaging, mobility (roaming, signaling & Mobile IP) and infrastructure services.

BICS growth: represents cloud communication enablement, SIM for things (travel SIM & IOT services) and fraud services.

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

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

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

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

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

Domestic: segment defined as the Proximus Group excluding BICS, TeleSign & Eliminations.

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

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

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

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

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

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

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

Incidental: adjustments for material (*) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, and other items that are outside the scope of usual business operations. These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments, etc.), deferred M&A purchase price, pre-identified one-shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

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

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

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

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

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

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

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

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

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

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

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

Reported Revenues: this corresponds to the TOTAL INCOME.

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

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

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

Wholesale fixed & mobile services includes all solutions that Proximus offers to other operators. These services include fixed internet and data connectivity services, fixed telephony and mobile (incl. MVNO and Roaming) services (excl. Interconnect)

Wholesale Interconnect is the process of connecting an operator network with another operator network. This then allows the customers of one operator to communicate with the customers of another operator. Interconnect includes fixed voice, mobile voice and mobile SMS/MMS services.

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

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

Risk Management Report

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value and enhance customer satisfaction by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation by allowing to take risks 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) reporting risks are detailed below, together with the related mitigating factors and control measures. However, this is not an exhaustive analysis of all potential risks that Proximus might be facing.

Enterprise-wide risks

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

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting

report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- Monetization of fiber investments
- Business model and servicing evolution
- Employee employability, new ways of working and engagement
- Competitive market dynamics
- Customer experience
- Impact of Covid-19 pandemic and resulting economic crisis

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 professional 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 (especially with the rise of homeworking), 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.

Seen that copper technology has typically lower speed than cable, the larger the Fiber footprint, the better the business perspectives for Proximus. Therefore, Proximus will strive to deploy Fiber in 70% of Belgium and even beyond as far as it still makes economic sense, in order to:

- Support current and future customer needs (connected homes, next generation videos, gaming, ...) and enable ARPU uplift
- Retain current market-share across residential and enterprise customers
- Target market-share win-backs, especially in Flanders
- Attract new Wholesale market opportunities
- Simplify our operating model and get cheaper cost to operate, by stop selling copper as soon as Fiber is available and ultimately phase out copper at the latest 5Y after Fiber Deployment.

This long-term Fiber strategy is the right decision, endorsed by the market and similarly applied in many other countries. However, it remains challenging to achieve the monetization results in the next few years.

At first, there is an operational risk related to a smooth migration of Proximus and OLO's customers to Fiber, while ensuring best-in-class customer experience to avoid migration churn. In that matter, during the COVID-19 lock-down period of spring 2020, the application of strength social constraints has largely complexified and delayed customer activations (e.g.: difficulty in accessing buildings for the installation of vertical cabling; no entry to customers' premises). At the same time, these heavy restrictions have also impacted Fiber sales channels by closing Proximus shops and by stopping local marketing activities. There is a risk that a potential intensification of COVID-19 contamination in the future may lead to the same "idle period".

Secondly, we have observed that the Belgian telecom sector regularly announces consolidations (e.g. acquisition Base by Telenet; the recent acquisition of VOO by Orange Belgium) and partnerships (e.g. ongoing discussion for a Netco Fluvius/Telenet), and even the possibility to welcome a 4th operator after 5G spectrum auction in 2022. A potential new entrant in the low-cost segment may put pressure on market pricing, leading the Operators to trade-off between market-share retention and pricing preservation. In this context, a monetization through price tiering would be more difficult and would require for a larger differentiation in the offers (e.g. by including multi Gigabit services).

A third monetization risk may be driven by the multiplication of FTTH roll-out initiatives. Today, Proximus is the only player rolling out FTTH at large scale in Belgium. Plans by competition and utility companies (e.g. Fluvius) to roll-out a competing FTTH network could reduce the profitability of Proximus investments, reduce wholesale prices in the market and impact prices that CBU and EBU can charge for their Fiber products.

In dense city areas, it is possible to overbuild and have 2 fiber networks. But when leaving the city centers, the construction costs will rapidly increase making two Fiber networks economically not profitable. Therefore, 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 and as such ensuring the first mover advantage. Meaning to be the quickest to deploy where the density remains sufficient high (and consequently benefit from lower unit costs) and being the first to provide Fiber technology on the market with the aim to win as much market-share as possible. 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.

Business model and servicing evolution

Proximus operates in a fast-changing industry. In order to be future-proof Proximus needs to constantly adapt to new technologies, deploy improved servicing approach and launch new products. We are confident that our strategy is focusing on the right answers to handle these evolutions. However, it cannot be excluded that some of our initiatives do not achieve the expected outcome in terms of revenues or profitability. This could have a negative impact on our overall financial performance.

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

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

On the residential front, we also increase our relevance by developing and expanding new local ecosystems, such as our partnerships with press conglomerates to develop our ePress offering, or our partnership with Belfius leading to development of Banx and Beats offering. These collaborations allow us to develop relevant local solutions for and together with our customers, in order to provide competitive products and services to the Belgian market.

Even if Proximus is successful in launching these new technologies and mitigating initiatives are effective, the risk remains significant, as those new technologies could generate lower revenues and/or lower profitability than existing / past products and services, and consequentially negatively impact

Proximus' top and bottom line. The risk can therefore not be fully mitigated.

Competitive market dynamics

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

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) which might impact market value going forward. The recent sale of VOO to Orange creates a new leader in the consumer market in Wallonia, creating commercial convergence and network synergies. Commercial pressure in Wallonia will likely continue due to the higher market shares of both Proximus and Orange Group. The sale also means that the scenario of a potentially aggressive PE fund entering the market is off the table. Meanwhile the B2B market consolidation continues and competition is intensifying, e.g. in December 2020 Cegeka joined forces with Citymesh to cover the connectivity layer, with Citymesh acquiring Engie's IoT network in 2021. A number of new MVNOs have been entering the market in 2021, such as Youfone and OneBillGlobal.

In the coming years, the market structure could further evolve with the possible entry of a new mobile operator, in addition to the three existing operators and supported by favorable conditions that could be set in the upcoming spectrum auction.

Sector federation Agoria estimated, in a study published in 2018, that the possible arrival of a 4th mobile entrant could impact the total mobile market in Belgium with a reduction of 6,000-8,000 jobs and a reduced sector contribution to the state of EUR 200 million – EUR 350 million. The timing of that depends on the execution of the spectrum auction, which is now planned for June 2022. New entrants could potentially push prices down and put pressure on Proximus' pricing model.

The upcoming spectrum allocation procedures, or auctions, also create significant uncertainty in the market. Specifically, the regulator BIPT/IBPT has proceeded with a temporary allocation of 3.6 GHz spectrum, to be used for new 5G services. This procedure saw Cegeka obtain a license for 5G services (prior to its acquisition of CityMesh), further outlining its ambitions in the B2B space. These rights will be valid until the

auction of this spectrum. As part of the spectrum auction planned for June 2022, other parties with similar interests to Cegeka/CityMesh, with a focus on the B2B market, and especially "Mobile Private Network" type of solutions, could also try to obtain spectrum rights. In all cases, the acquisition of spectrum usage rights for telecom services by new operators could put pressure on Proximus' pricing of current and new products and services.

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

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

The price-sensitive segment, which has continued to rise in 2021 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via Proximus' subsidiaries Scarlet and Mobile Vikings, offering attractively priced mobile and triple-play products.

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

Since the drivers of these risks are mainly 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.

Customer Experience

In the digital and disrupting era of today, being able to offer superior customer experience is a key challenge and a core strategic mission. The evolution of our customers' expectations with this regard is extremely fast; new benchmarks are emerging every day and the increasing use of digital technology is accelerating the process.

In that matter, understanding clearly what our customers' expectations are is a competitive asset to build strong foundations. This allows us to effectively meet their needs and eventually go beyond, using strong analytics to proactively predict next best action or offer.

This superior experience we target to offer to our customers includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network and easy-to-use products and services. In this digitalizing and fast-moving environment, we're making efforts at Proximus, to offer our customers the right balance between digital effortless interactions and human empathy.

Key transformational initiatives such as Customer experience teams, e2e journeys redesign, Voice of the Customer and CX analytics were further enhanced to address root causes of pain points and to take charge of transformation projects participating in Proximus' brand promise: "Think possible".

Despite these efforts, providing a superior customer experience remains a key challenge due to the fast-evolving market and competition. Furthermore, the influence of GAFA and OTT actors on customer expectations is challenging Proximus' ability to proactively adapt and develop new digital products and services. These being considered as competitive edges through user-friendly digital user interfaces and end-to-end customer journeys. Side by side with the ever-present risk of a bold move from the competition, Proximus might miss new revenue streams and, in a worst case lose its premium positioning.

Employee employability, new ways of working and engagement

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

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

This is why Proximus is focusing so hard on training programs, internal mobility, the hiring of young graduates from relevant fields and employer branding. We give our employees the opportunity to continuously upskill and develop, particularly in the digital field. Because we want to have the right skills in-house to shape the digital economy and society of the future, and to guarantee the employability of our employees. We set up a tailored approach with programs and campaigns for all employees to create awareness and understanding of the impact of digital transformation, and to raise digital savviness. We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. In 2021, employees participated on average 41.3 hours of training, representing an investment of €32.34 million for Proximus.

This is also why we foster a culture of empowerment where autonomous and effective collaboration and sharing information is a natural behavior. Enabling this new way of working requires the right digital tools. We therefore offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. In 2021 we continued to roll out the Microsoft O365 applications, such as MS Teams for more efficient and interactive digital meetings. To get employees on board in these continuous digital workplace changes, we provide training in hard skills and we ensure that our team leaders have strong change-management skills.

Continued initiatives on building resilience also enabled employees to better cope with the changes and initiatives to

stay connected to one another promoted team cohesion to show recognition to team members. New ways of working, such as Agile and Design Thinking, leverage employee autonomy and a more accountable way of working. This allows us to create added value for our customers more quickly. We also support a more agile culture by encouraging internal mobility, as we want to ensure that all employees keep on learning and doing a job they like. In 2021, 782 employees changed jobs internally.

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

Impact of Covid-19 pandemic and resulting economic crisis

The COVID-19 pandemic still has a significant impact on the world economy in 2021 despite global vaccination campaigns. While the impact of the COVID-19 pandemic is less for Proximus in 2021 versus 2020, it remains sizeable with an impact on roaming revenues due to reduction in especially non-EU travel, limited supply chain disruptions and an impact on the ways of working of our employees. On top of these direct impacts, there is an indirect impact via our customers' financial stability, which if impacted by COVID-19 could lead to potential delayed payments or, in the worst case, a default.

A delayed return to normality might impact a share of Proximus' customer base, especially in the SE and Enterprise segments. An increase in bankruptcies, decrease in revenues for a number of them, and continuing uncertainty regarding the "back-to-normal" timelines could impact the willingness of our customers to invest, and may therefore impact our revenues, though we, at this stage, do not expect any substantial impact on our 2022 revenues.

Finally, it is widely reported that the situation impacts the overall morale of employees. So, it cannot be excluded that this leads to higher absenteeism or a decrease in motivation among our employees. Proximus has deployed a number of measures to provide support for isolated employees, and to ensure that teams remain connected. We are also starting a phased, safe return to the office depending on the evolution of the situation.

BICS

Longer impact of Covid-19 has accelerated the disruption of traditional communications together with fierce competition in all segments, while also accelerating digital transformation globally.

The COVID-19 pandemic continues to disrupt trade and international travel, significantly impacting certain business lines of BICS, a wholly-owned subsidiary of Proximus since February 2021. The roaming related activities (spread over various products lines such as signaling, data roaming enablement, roaming voice and IoT) have suffered a material decrease in volumes. In some cases, BICS managed to limit the impact on revenues thanks to fixed pricing and maintained regional / cross-border traffic.

However, thanks to its diversification strategy initiated in 2016, BICS has also enjoyed some benefit of the crisis. By accelerating its Cloud Communications business, enabling a number of collaboration and customer service use cases, BICS has been able to maintain double digit growth for this business line.

Despite this crisis and the fierce competition in all market segments, BICS managed to maintain its position among the top international voice carriers and as the number one provider of signaling and roaming data services.

The performance of BICS over the past years also has been strongly impacted by the new commercial contract with MTN, combined with the effect of Covid-19. Despite these, the underlying trend for the business remains resilient, demonstrating the success of BICS' diversification strategy. However, BICS expects full recovery from the Covid-19 impact to take several years and for the recovery to be sporadic across various international markets.

On the longer term, disruptive technologies (Voice over LTE/5G, "Over the Top" Omnichannel engagement, etc.) and related charging models for communications and roaming services are requiring BICS to develop new ways to monetize its assets to address these trends. Therefore, BICS will continue to invest in new growth domains, diversify its customer base, and digitalize its operation to reduce costs. At the same time, BICS will develop new charging models and will continue to pursue organic and inorganic market consolidation opportunities to realize substantial cost synergies.

BICS' business remains important for Proximus and contributes materially to the Proximus Group's revenues.

Telesign

TeleSign is one of the leading players at the intersection of complementary markets where it prevents and protects business from fraudulent and malicious activity, authenticates users and provides controlled access across applications based on the user's account and delivers reliable, secure messaging and voice via an API. Today, TeleSign supports 8 of the 10 world's largest digital enterprises and, as it consistently grows its customer base, it continues to successfully expand its existing customers' adoption of its platform.

TeleSign operates in a highly dynamic industry and its operating results and rates of growth could vary significantly in the future based upon a number of factors, including some over which TeleSign has little or no control. The digital identity and secure programmable communications markets are intensely competitive, and TeleSign expects competition to increase in the future from established competitors and new market entrants.

If TeleSign or its third-party service providers experience a data security breach or network incident that allows, or is perceived to allow, unauthorized access to TeleSign's solutions or TeleSign's customers' personal data, it could lead to negative publicity and TeleSign's reputation, business, financial condition, and results of operations could be adversely affected. Additionally, it could lead to enforcement actions, litigation, regulatory or governmental audits, investigations, inquiries and possible significant liability, and increased requests by individuals regarding their personal data.

TeleSign relies on data acquired from third parties, such as carriers and data brokers, to build its models, design and improve its products. If there's a substantial increase in the cost of data acquisition, TeleSign may not be able to pass that cost increase on to its customers. That would result in reduced profit margin for TeleSign. Additionally, TeleSign has no direct control over the data quality it acquires from its suppliers which are needed to provide its digital identity services. If the data quality it acquires deteriorates over time, TeleSign's coverage may decrease and become irrelevant for the customer.

The ongoing COVID-19 pandemic and efforts to mitigate its impact have significantly curtailed the movement of people, goods and services worldwide, including in the geographic areas or verticals in which TeleSign conducts its business operations and from which it generates its revenue.

Environmental risk and climate change

Climate change is high on the agenda due to growing awareness on global warming. The Group Corporate Affairs, responsible for legal, regulatory, public affairs, internal audit 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. Proximus has a clear strategy to reduce CO2 emissions and has integrated its ambition in the #inspire2022 strategy (see Chapter 2: #inspire2022).

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

Proximus has a corporate risk management department, analysing risks in several domains. The same process is used for direct operation, downstream and upstream risks. This department has developed a risk management framework based on the ISO31000 standard.

In the context of climate change risks, the standard Proximus risk management method is being applied involving relevant stakeholders from the Technical, Tax, Legal, Regulatory and Facilities domains.

In short the process is similar to the general risk management process and goes as follows:

- Phase one is a set of workshops and independent work, leading to a prioritization of risks. This process is documented in the risk register.
- In the second phase the sources 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 on the basis of 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 "translates" operational and reputational value to monetary value. All risks are quantified and receive a qualitative rating, documented in the risk register.
- Finally, all prioritized risks are assigned to an owner (responsible for implementation, control and regular review). Business continuity plans have been

developed. This information is submitted annually to the Audit and Compliance Committee.

In 2022, the Group will start integrating climate risk structurally into the ERM processes and will conduct a separate climate risk process in the years when the ERM is not taking place.

The time horizons for the risk management process are as follows: short-term (0-3 years), medium term (3-10 years) and long-term (10-25 years).

In this way, the risk management directly informs financial planning. Some examples: we take into account the increasing energy costs and the potential increase they will have if a carbon tax is introduced. Also, we have removed/replaced and

are removing/replacing technical buildings to newer, more compact and energy-efficient equipment and we are starting up partnerships in smart mobility and smart buildings.

In 2022, the Group will start integrating climate risk structurally into the ERM processes, and will conduct a separate climate risk process in the years when the ERM is not taking place.

The time horizons used in the risk assessment are defined as follows: short-term (0-3 years), medium term (3-10 years) and long-term (10-25 years). The magnitude of impact scales from "low" (less than 100.000 € to "very high" for impacts that exceed 12.5 M€.

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

Type	Climate-related risk	(potential) financial impacts	Time horizon	Magnitude of impact
Transition risks	Policy/legal - carbon pricing - more reporting obligations	Price increases due to possible taxes on sectors on which we depend plus augmented resource and auditing costs for compliancy with emerging legislation.	Short-term	Medium
	Technology - changing to lower-emissions options	Cost related to early transition to clean energy.	Short-term Medium-term & long-term	Medium
	Market - increased cost of raw materials	Increase in energy prices, increased production costs due to high demand for electronic commodities.	Short-term	Medium
	Reputation - increased stakeholder concern	Augmenting costs and resources with regards to communications and reporting, such as life cycle assessment costs.	Short-term	Medium
Physical risks	Acute - more extreme weather events	Increased capital costs, early write-off of assets potentially impacted by heat waves/flooding, reduced revenue and higher costs from negative impacts. In 2021: flooding in Wallonia.	Short-term	Medium - high
	Chronic - rising temperatures - changing weather patterns - rising sea level	More frequent occurrence of acute risks to be expected – see costs mentioned in acute risks.	Medium-term & long-term	Medium-high

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

Resource efficiency	Investments into energy efficiencies throughout all networks and reduced operating costs.	Short-term	Medium-low
Eco smart products & services	Solutions to decarbonize other sectors create existing and new business opportunities.	Short-term	low
Energy sources	Our renewable energy plans will enable us to reduce carbon emissions and the energy costs of our network. We are already at 100% renewable electricity, but will source more local and move away from all fossil fuel.	Medium-term	medium
Market	Shift in consumer preferences.	Short-term	low
Resilience	Climate change predictions provide input for strategy and business decisions. For example, early phase-out of infrastructure from potential flood areas.	Short-term	low

Approach of Proximus regarding the identified risks:

Policy/legal risks:

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 2021, 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 169 and 171.

Technology risks:

We regularly assess the maturity and readiness of technology, such as hydrogen. We perform cost-benefit analyses associated with key technologies.

Market risks:

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 in reaching its climate targets. In this regard, we evaluate future acquisitions. We also engage with suppliers and customers.

Reputation risks:

We regularly monitor the evolution of our reputation among the Belgian population, in particular by using the RepTrak program. We provide many products and services that can help companies and public authorities reduce their environmental footprint. Striking examples are our cloud services and Internet of Things solutions such as Smart energy, Smart buildings or Smart mobility. In order to preserve our reputation, all such claims must be supported by credible and verified calculation procedures.

Acute & chronic physical risks + actual case flooding in July 2021:

We use expert input from scientists, such as the OFDA/CRED International Disaster Database ([http:// www.emdat.be](http://www.emdat.be)) and Université Catholique de Louvain. We'll start using climate related scenario analysis as of 2022.

Actual case:

Flooding in July caused major damage to our network: backbone cable destroyed, KVD /ROP destroyed, streets and buildings unstable, damage at customers in-home, local cables damaged. Although this is the first crisis of this magnitude, national and local teams managed it admirably, restoring our infrastructure in record time and providing mobile alternative to our customers. Our processes will be reviewed based on the lessons learned.

Operational risk

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

The development of business continuity plans is a way to manage risks to ensure appropriate response and solutions are in place in the event of major incidents. Building and ensuring the resilience of our network, platforms and IT systems remains a top priority to minimise the customer impact in case of incidents.

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

Security

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

The confidentiality, availability and integrity of the data of Proximus and its customers are also at risk. We'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.

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).

All the information collected on threat intelligence is centralized in an Intelligence Broker developed by Proximus, which allows Indicators of Compromise (IoC's) to be fed directly into Proximus' preventive and detective security controls. In addition to structured threat intelligence, 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, ETIS, NATO NCIA, CCB, FIRST and Trusted Introducer.

Data protection and privacy

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

In 2021, Proximus continued improving its GDPR compliance. Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR - e.g. register of processing activities.

To ensure 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 has improved the structured privacy review process by clarifying each step of the process, establishing templates, defining roles and responsibilities, etc.

As part of rendering the management of data subject requests more efficiently, 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.

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.

Supplier Risk & Relationship Management (SRRM) is defined as “the implementation of strategies to manage both everyday and exceptional risks along the supply chain, based on continuous risk assessment together with the partnering supplier reducing vulnerability and ensuring continuity”.

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

- The relationship with key suppliers is assessed and documented by means of Supplier Relationship Management (SRM) meetings, which lay down the common strategies and ensure an optimal business continuity.
- 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.

- CSR risk assessments and audits by EcoVadis and in the frame of the Joint Audit Corporation (JAC) and for national direct suppliers.
- Strict follow-up of critical suppliers’ contractual liability through a holistic Supplier Code of Conduct (SCoC) and rigid Service Level Agreement (SLA) clauses.
- Signing Circular Manifestos with key suppliers to ensure the alignment of our suppliers with our Science Based Target of 1.5°.

Legacy Network Infrastructure

In 2004, Proximus was the first operator in Europe to launch and ambitious fiber-to-the-curb program, paving the way to 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 massively ramping up the amount of kilometers in the access part of the network.

With the rise in customers’ needs, we see for the coming year a continuous increase of data consumption on our networks and this 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 to avoid having to replace this aging technology.

Risk Management & Compliance Committee

In 2021, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Executive Committee and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions have to be taken by finding a balance between risk taking and cost, in line with the Group's risk appetite.

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

The RMC's objectives are:

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

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

As of 2022, sustainability topics including climate change risks will be a recurrent topic on the agenda of the Risk Management Committee.

Internal Audit

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

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

Internal Audit helps us to accomplish these objectives through our systematic, disciplined approach to evaluating and

improving the effectiveness of risk management and control and governance processes.

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

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

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

Financial reporting risks

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

New transactions and evolving accounting standards

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

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

Changes are identified and the impact on Proximus' financial reporting is proactively 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 compliance with internal and external standards is systematically analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori control. The Audit and Compliance Committee (A&CC) and the Executive Committee are informed on a regular basis about new and upcoming financial reporting standards and their potential impact on Proximus' financials.

Changes in tax law and regulations

Changes in tax laws and regulations (corporate income tax, VAT, etc.) or in their application by the tax authorities can significantly impact the financial statements. To ensure compliance, it is often necessary to set up additional

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

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

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

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 and on a sample basis for others. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Internal control system

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

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

Proximus' internal control system is characterized by an organization with a clear definition of responsibilities, next to sufficient resources and expertise, and also appropriate

information systems, procedures and practices. Proximus cannot guarantee that this internal control will be sufficient in all circumstances as risks of misuse of assets or misstatements can never be totally eliminated. However, Proximus organizes a continuous review and follow-up of all the components of its internal controls and risk management systems to ensure they remain adequate.

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

Control environment

Organization of internal control

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

The A&CC meets at least once every quarter.

Ethics

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

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

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

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

Policies and procedures

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

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

Roles & responsibilities

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

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

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

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

Skills & expertise

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

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

Risk analysis

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

Risk mitigating factors and control measures

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

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

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

Reporting and validation of the financial results

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

actual analysis. Validation requires (absences of) variances to be analyzed and satisfactorily explained.

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

Supervision and assessment of internal control

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

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

Expertise of the Audit & Compliance Committee members

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

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

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

Evolution in research and development activities

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

Fiber as solution for customers' future needs

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

Proximus is the first operator to add 25G capabilities to its commercial network in Belgium. Together with Nokia, we have deployed the first live network based on Nokia's 25G Passive Optical Network (PON) technology. 25 Gigabit PON is the latest generation, boosting both download and upload speeds on fiber

networks to unprecedented levels around 200 times faster than the most advanced broadband networks of ten years ago. This technological breakthrough shows the virtually unlimited capacity of fiber. In fact, the innovation makes our network the fastest in the world, earning Proximus the global award for Fiber Operator of the Year, an acknowledgement issued by the Broadband World Forum (BBWF). This confirms the potential of our fiber network to become a key driver of the digital economy and the society we stand for.

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 2021, we started the consolidation of our Radio Access Network (RAN), which has already shown positive results in terms of coverage gain, throughput and customer experience. In parallel we continued our investments to improve the quality of our legacy mobile network by adopting advanced technical solutions to

optimize network performance based on automation and autonomy.

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. In order to further accelerate the development of 5G use cases, we launched a dedicated 5G innovation platform offering a better insight into the possibilities of 5G. It allows us to cocreate with our technological, wholesale partners and enterprise customers, both public and private, towards the development of relevant

Customer experience

To continuously improve the experience of all our customers, we launched multiple projects in 2021 to boost the VDSL performance of our customers directly connected to the central offices and who didn't enjoy yet the latest improvements of VDSL technologies. We also implemented machine learning techniques to predict performance of VDSL lines and, as such, for instance, provide HD TV services to households who didn't have yet access to it.

Data driven company to the benefit of our customers

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

With strong personalization and authentication approach, we make our customer smile. We embed digital in everything we do and guide our customers through their journey to become digital, cloud enabled, data driven and end-to-end secure.

We have set up a partnership with Tourism Wallonia to stimulate tourism in Wallonia through better understanding and analysis of touristic sites (e.g. Villers-la-Ville and le Pays des Lacs). Here we use a unique combination of both data from on-site sensors (Internet of Things) and more macro data like our own network data, financials partner and open data

The Proximus data centres are evolving to green data centres with high availability using the newest cloud technologies and the most advanced security concepts.

We use advanced analytic and AI too, based on real time performance measurements, assess the stability and quality of our platforms and services, allowing fast detection, root cause analysis and even prevention of degradation

innovative solutions that answer today's societal and business needs. A variety of 5G use cases have been successfully developed and demonstrated in multiple domains, such as industrial applications, construction, entertainment, healthcare, agriculture.

The capabilities to innovate within the 5G domain have been expanded, 2 additional 5G innovation incubators have been launched, one in the industry 4.0 domain, the other one in the Logistics domain.

Trusted curator of TV content

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

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

Analytics, the Internet of Things and other applications

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.

With our smart end-to-end ICT solutions, we do more than just tailor our offerings to different segments. We strongly believe technology can act as a force for good. That's why we continuously leverage our technology to address critical societal and environmental challenges, aiming to improve the lives of people everywhere while delivering true value.

Together with partners, we develop smart solutions in specific domains such as:

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.

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 MeetDistrict, Mapwize and Be-Park) 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 2021, we already provided 44 schools with a fiber connection. Ten other schools signed a DSL contract.

Smart cities

Cities such as Antwerp, Brussels, Genk, Ghent and the coastal cities were eager to call on our Realtime Crowd Management during the COVID-19 pandemic. This service monitors crowd flows based on anonymized and aggregated data from cell phones.

Proximus affiliate Be-Mobile specializes in smart solutions for sustainable mobility. Be-Mobile connects vehicles with road infrastructure. An example would be smart traffic lights that are tuned to real-time traffic volumes to enable better traffic flow. Be-Mobile also connects vehicles with other road users. These can be passenger cars, but also logistics transport or public transport.

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

In B2B, we partnered with Besix (smart buildings) and i.Leco (energy transition) to create Aug.e, a smart building application platform.

In the field of drones, in addition to the 6th network partnership between Proximus, SkeyDrone and DroneMatrix, we are developing a partnership with Helicus for the implementation of BVLOS medical drone flights. Recently, we have also begun to explore the area of image and video processing, analytics and edge computing.

Besides healthcare, Azure Cloud, edge computing, smart retail and smart energy are just a few examples of the wide range of topics and technical innovations we are collaborating on with our partners.

One example of B2C is our partnership with Belfius that has given birth to Banx, the digital app for sustainable banking.

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

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.

Sustainability

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

Sustainability is one of the 4 pillars of our business strategy. This has ensured that Proximus is internationally regarded as a 'best practice' company for its own sustainability efforts but also for the strict social, ethical and environmental standards that we impose to our suppliers. Proximus has received a gold medal from EcoVadis for its efforts and activities in the field of sustainable development/sustainability for the fifth time in a row and our current score even places us in the top 5% of companies evaluated by EcoVadis

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

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

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

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 a 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

Other information

Rights, commitments and contingencies as of 31 December 2021

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

Diversity & Inclusion Statement

Diversity & Inclusion Statement is reported in chapter CH3.1 Governance & Compliance of the Annual report.

Use of financial instruments

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

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections "Risk

Management" and "Internal Control" of this management report.

Treasury shares

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

Capital management

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

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

Post-balance sheet events

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

On behalf of the Board of Directors,

Brussels, 17 February 2022

Guillaume Boutin

Chief Executive Officer

Stefaan De Clerck

Chairman of the Board of Directors

Auditor's reports

Statutory report of the joint auditors to the shareholders' meeting of Proximus NV van publiek recht/Proximus SA de droit public for the year ended 31 December 2021 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We, members of the joint auditors, were appointed in our capacity as statutory auditor by the shareholders' meeting of 17 April 2019, in accordance with the proposal of the board of directors issued upon recommendation of the audit and compliance committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021.

Deloitte Bedrijfsrevisoren/réviseurs d'Entreprises has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public for 12 consecutive years. CDP Petit & Co has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht / Proximus SA de droit public for 3 consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 9 233 million EUR and the consolidated income statement shows a profit for the year then ended of 445 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2021 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the joint auditors for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on telecommunication activities The accuracy of revenue is an inherent risk in the telecommunications industry. This is driven by the complexity of billing systems, the magnitude of volumes of data in combination with different products on the market and price changes during the year. The correct application of revenue recognition accounting standards to the separate elements of a customer's contract is complex and requires judgement by management. The details on revenue recognition are included in notes 2 'Significant accounting policies', 14.2 'Contract Assets', 22 'Other current payables and contract liabilities' and 23 'Revenue'.	We addressed this key audit matter by applying the following controls and substantive test procedures to the material revenue streams: • We tested the design and operating effectiveness of the relevant key controls in place in the revenue cycle, as well as in the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that support material revenue streams; • We performed tests of details on a sample of individual revenue transactions, tracing these back to order documentation and cash receipts; and • We performed a substantive analytical review. Additionally we assessed the appropriateness of the group's accounting policies with respect to revenue recognition and assessed compliance with the applicable accounting standards.

Goodwill impairment test

Per 31 December 2021, goodwill amounts to 2 588 million EUR and relates to the Group's three Cash Generating Units ('CGU'), respectively Domestic CGU (2 188 million EUR), International Carrier Services ('ICS') CGU (298 million EUR) and Telesign CGU (102 million EUR) .

The annual impairment testing of goodwill was important for our audit because it relies on a number of critical judgements, such as the determination of the CGU as well as estimates and assumptions used in a discounted free cash flow model to determine the CGU's recoverable value. The group uses a business plan reflecting the future strategy and using external sources for macro-economic assumptions such as inflation and long-term industry growth rate, as well as group specific assumptions on tax rates, capital spending and discount rates.

The details on the accounting for goodwill and the disclosure requirements under IAS 36 - *Impairment of assets* are included in note 2 'Significant accounting policies' and 3 'Goodwill' of the consolidated financial statements.

- We assessed the facts and circumstances with respect to the shareholding structure of Telesign and read the minutes of board of directors meetings regarding the US listing process to confirm our understanding.
- We assessed the available information with reference to the recoverable value of the CGU, both related to Fair Value Less Costs to Sell and through Value In Use.
- We challenged the key assumptions, methodologies and data used by the group in its determination of the recoverable value, for example by analysing sensitivities in the group's discounted cash flow model and benchmarking with external macro-economic data to determine if they were reasonable and consistent with the current economic climate.
- We assessed the historical accuracy of management's estimates.

Additionally, we assessed the sensitivities of assumptions on the CGU's headroom and verified whether a reasonable possible change in assumptions could cause the carrying amounts to exceed its recoverable value. We assessed the adequacy of the company's disclosures in the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the joint auditors for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those the audit and compliance committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the joint auditors

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements are free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in a separate report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 3:32, § 2 of the Code of companies and associations and is in accordance with the consolidated financial statements for the financial year then ended. This non-financial information has been established by the company in accordance with the GRI Standards reporting principles. In accordance with article 3:80 § 1, 5° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with GRI standards – Core Option reporting principles mentioned in this non-financial information.

Statements regarding independence

- No services, incompatible with the statutory audit of consolidated financial statements as referred to by the law, have been performed and our audit firms and, if applicable, our networks remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Single European Electronic Format (SEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of the ESEF format and the tagging with the technical regulatory standards set out in the European Delegated Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the digital consolidated financial statements as an electronic file in ESEF format ("digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

Based on our work, in our opinion, the format and the tagging of information in the digital consolidated financial statements included in the annual financial report of Proximus NV van publiek recht/Proximus SA de droit public as of 31 December 2021 are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Other statements

- This report is consistent with our additional report to the audit and compliance committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Brussels.

The joint auditors

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Geert Verstraeten

CDP Petit & Co BV/SRL
Represented by Damien Petit

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Independent assurance report on the limited review performed on a selection of non-financial performance indicators published in the “Integrated Annual Report 2021” of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2021

To the board of directors

We have been engaged to conduct a limited assurance engagement on a selection of non-financial performance indicators (the “Non-Financial Data”) published in the “Integrated Annual Report 2021” of Proximus SA de droit public / NV van publiek recht (“Proximus”) for the year ended 31 December 2021. The Non-Financial Data have been defined following the *Global Reporting Initiative* (GRI) standards and Proximus’ internal non-financial reporting guidelines. The Non-Financial Data have been selected by Proximus management and are as follows:

- Energy efficiency indices (energy consumption vs total revenue and vs FTE) – Group
- Electricity (Terajoules) – Group
- Heating (Terajoules) – Group
- Vehicle fleet fuel (Terajoules) – Group
- CO2 emissions scope 1 and 2 (KTons) – Group
- CO2 emissions scope 1 – heating, refrigerants and fleet fuel (KTons) – Group
- CO2 emissions scope 2 - electricity – market based method (KTons) – Group
- CO2 emissions scope 3 – all reported categories – i.e. category 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12 and 13 (KTons)
- Carbon intensity (vs FTE and vs Revenues) – Group
- Waste (KTons) – Belgium
- % of hazardous waste – Belgium
- % waste reused/recycled – Belgium
- Non-hazardous waste - recycled or reused (KTons) – Belgium
- Non-hazardous waste - with energy recovery (KTons) – Belgium
- Hazardous waste - recycled or recovered (KTons) – Belgium
- Total collected/refurbished devices (including DTMC) – Group
- Number of cases investigated by the investigations department for violation of policies/code of conduct
- Number of whistleblowing cases
- Cyber Security Resilience Index – Group
- Number of job seekers supported by Proximus initiatives in Belgium
- Percentage of accessible tested devices (at least for 5 disability categories)

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the non-financial performance indicators related to Proximus SA de droit public/ NV van publiek recht identified above, have not been prepared, in all material respects, in accordance with the GRI standards.

Responsibility of the board of directors

The board of directors of Proximus is responsible for the Non-Financial Data and the references made to it presented in the Integrated Annual Report 2021 as well as for the declaration that its reporting meets the requirements of the GRI standards and of Proximus' internal non-financial reporting guidelines.

This responsibility includes the selection and application of appropriate methods for the preparation of the Non-Financial Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Non-Financial Data that is free from material misstatement, whether due to fraud or error.

Nature and scope of our engagement

Our responsibility is to express a conclusion on the Non-Financial data based on our procedures. We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the ESG KPI's have not been prepared, in all material respects, in accordance with the applicable criteria.

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Applying these standards, our procedures are aimed at obtaining limited assurance on the fact that the ESG KPI's do not contain material misstatements. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The scope of our work has been limited to the Non-Financial Data covering the year 2021 and including only the values retained within the scope of reporting defined by Proximus. The reporting scope covers Proximus SA de droit public / NV van publiek recht and its subsidiaries Telindus-ISIT BV, Proximus Luxembourg SA and BICS SA (the "Group"). Our conclusion as formulated below covers therefore only these Non-Financial Data and not all information included in the Integrated Annual Report 2021.

Our work was performed on the data gathered and retained in the reporting scope by Proximus SA de droit public / NV van publiek recht. Our conclusion covers therefore only these Non-Financial Data and not all information included in the Document.

The scope of our work included, amongst others, the following procedures:

- Obtaining an understanding of the Company's business, including internal control relevant to collection of the information used to prepare the Non-Financial Data. This included discussions with the Company's management responsible for operational performance in the areas responsible for the data underlying the Non-Financial Data, mentioned in the table above.
- Considering the risk of material misstatement of the Non-Financial Data;
- Performing analytical procedures; and
- Examining, on a sample basis, internal and external supporting evidence to validate the reliability of the Non-Financial Data and performing consistency checks on the consolidation of the Non-Financial Data.

Our report is made solely to the Company's directors, as a body, in accordance with ISAE 3000. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work, this report, or for the conclusions we have formed.

Independence

In conducting our engagement, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and with the Belgian legal and regulatory framework.

Signed at Zaventem.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Koen Neijens

Deloitte.

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