



Annual Report

2018



Table of content

Proximus at a glance	2
Foreword from our CEO & Chairman	4
Who we are & what we do	8
Key financial highlights	10
Key achievements	13
#shifftodigital, our new 3-year strategy	17
Creating an inclusive, safe, sustainable and prosperous digital Belgium	20
Living and working in an ever fast changing society	22
Contributing to society while creating value for our stakeholders	25
Enabling a better digital life	28
Caring for our stakeholders	40
Contributing to society	52
Respecting our planet	60
Governance and compliance, safeguarding long-term value	66
Corporate Governance statement	68
Regulatory framework	85
Risk management report	91
Proximus share	100
Remuneration report	106
Appendix	116
Overview of non-financial information	118
Transparency	122
Social figures	134
Environmental figures	138
GRI Content index	142
Material topics	157
KPI description	158

Non-financial reporting approach 2018

For the Non-Financial information included in this Annual Report, we followed the indications of the Global Reporting Initiative (GRI) guide (core option). We have detailed our reporting approach in the Transparency section. Proximus answers several questionnaires on Sustainable and Responsible investments such as Sustanalytics, Vigeo Eiris, MSCI, etc. Our ambition is to keep improving our performance by comparing it with that of peers. In 2018, we were listed as follows on the different indices: CDP Supplier Engagement leader board and a constituent company in the FTSE4Good Index Series.

For this 2018 report, we have created a structure around how we create value for our stakeholders and society: Enabling a better digital life, Caring for our stakeholders, Contributing to society and Respecting our planet. We covered our most material topics, defined through an internal and external process, explained in the Transparency section. In the Governance section, we describe our governance framework, risk management, remuneration structure and the Proximus share. Throughout the report we provide detailed performance data.





Proximus at a glance



Proximus at a glance

Foreword from our CEO & Chairman	4
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Financial financial highlights	10
Key achievements	13
#shifftodigital, our new 3-year strategy	17

2018

Proximus wants to play a positive role

in the digitalization of all aspects of life, work and public services, for a more prosperous digital Belgium



Dear reader,

Proximus is at the very heart of the digital economy and society, and through the digital solutions and services we offer, we make a positive and meaningful difference in all aspects of life. The guiding purpose of our five-year Fit for Growth strategy (2014-2018) has been to connect everyone and everything so people live better and work smarter. To fulfil this mission, we've saved costs and grew our core business so that we could invest, fuelling new growth. We continued our transformation from a Telco company to being a Digital Service Provider delivering superior customer experience and helping customers reap the benefits of digital transformation. Today we're enabling a better digital life by means of a future-proof infrastructure with high-quality networks and digital platforms, as well as through innovative solutions and services that address societal challenges. Proximus wants to play a positive role in the digitalization of all aspects of life, work and public services, for a more prosperous digital Belgium.

The market context for telecom operators becomes increasingly challenging. We operate in a mature market with intense local competition and an increasing disruption of voice, SMS and linear TV by new over-the-top players in both the residential (WhatsApp, Netflix,...) and enterprise (Microsoft Teams, cloud, API, SDWAN,...) market. At the same time regulation focusses on lowering consumer prices with the end of roaming, the opening of fiber, Easy Switch and a potential 4th mobile operator.

Solid position in a highly competitive market

We maintained a solid position despite a highly competitive market and delivered upon our 2018 outlook. We kept a stable domestic underlying revenue and grew our Group underlying EBITDA for the fourth consecutive

year, closing 2018 with a 2.4% increase. We also maintained our high investments pace with € 1,019 million invested with a clear focus on digitalization, networks and overall customer experience. The deployment of our future-proof network in the context of the Fiber for Belgium project kicked off early 2017, with the roll-out ongoing in 9 cities in 2018. We also invested extensively in IT systems and digital platforms and in further enhancing our mobile network.

More customer oriented, agile and efficient organization

By moving to a single mass market IT chain and phasing out our old switching network, we have simplified and modernized our infrastructure. This large-scale transition of customers from legacy networks such as PSTN and ATM, to IP-based technology

has allowed us to phase out 1,119 switches and migrate 3.4 million voice lines and as a consequence, we have vacated a total of 16 buildings over the past five years. At the same time we are modernising our core network with the roll out of our Simplified Backbone Optical network (SIMBA).

The redesign of the IT architecture has been accompanied by a redesign of our processes so we are First-Time Right. We've simplified the selling & ordering process, and migrated all the billing of our mass-market customers to a single platform. Our customers can now consult all their invoice details in the MyProximus app as well as activate or deactivate options, switch to a Pack and keep track of their usage in real time. At the same time 'Invoice Insights' now allows business customers to more easily manage their mobile invoices through an easy-to-use app interface. In 2018 we also launched our Chatbots "Titus" (on the web) and "Sam" (on Facebook) to answer the easy questions from consumers, which in turn has given our customer service employees more time to handle more complex problems and questions.

Each year has seen us move towards a more simplified portfolio of products and solutions.



Dominique Leroy
CEO

"With our new strategy, '#shiftdigital', we want to remain relevant to our customers and support enterprises in their digital transformation, while becoming more efficient and agile."

We have slimmed down our legacy catalogue and proactively offered pack migrations to future-proof, easy-to-use solutions that are more advantageous for our customers. Today nearly all customers enjoying our convergent offers are on one of the most recent generations of packs.

Solutions tailored to our customer needs

In the consumer market, we grew our total market share thanks to our dual brand

strategy, Proximus and Scarlet, and thanks to the continuous success of our all-in offers Tuttimus and Bizz All-in, reaching 508,000 customers end of 2018. We developed a new range of Mobilus offers, as well as our first mobile subscription with unlimited calls, texts and mobile data. And millennials got a new, dedicated offer: Epic. Epic beats and Epic stories offer unlimited music and data for the most popular apps. For self-employed persons and small businesses we also created Bizz Online to encourage more small businesses and entrepreneurs in Belgium to have a stronger online presence. Scarlet, our no-frills brand continues to perform strongly and is further growing its customer base. And in Luxembourg, Tango, with fixed, mobile, TV and convergent services, also continues to be the dominant force.

Year after year, we've focused on improving our Proximus TV content offer. We integrated Netflix on our set-up boxes and we further enlarged our offer for families and children with the exclusive deal signed with Studio 100 and access to the premium channels of BeTV. Customers addicted to pop culture and lifestyle programs have access to the Viceland channel and with "Radioline" they can listen to over 60.000 radio and podcast broadcasts. Our range of live European football continues

to grow, and in 2018 we added the national basketball championships, a new eSports league for fans of video game competitions.

For our enterprise customers we have been bundling our services into customer-oriented and competitive integrated solutions. The launch of Call Connect, essentially a telephone exchange in the cloud, is an inspiring example of how we've been able to combine over-the-top offers with our unique telco capabilities (fixed-mobile, Quality of Service). A strategy that clearly works: in 2018, we increased our volume share in mobile for the enterprise segment and reached more than 1 million cards, while also protecting value share.

Building the best network infrastructure of the future

Our networks have been transformed over the last five years, and will no doubt change again in the five years to come. Not only have we proactively migrated customers from ADSL to VDSL where possible, a move that has substantially improved the customer experience (on both TV and the Internet), but our roll-out of fiber in Belgium also continues rapidly. In 2018, the deployment of fiber in Belgium reached cruising speed, connecting a vast majority of businesses and centers of cities and municipalities. To date, 9 Belgian

cities are in full deployment: Antwerpen, Luik, Brussel, Leuven, Charleroi, Namen, Roeselare, Gent, Hasselt.

With download speeds 2 to 3 times faster than 4G, Proximus was the first to launch 4.5G mobile technology in Belgium and we continued to extend the coverage of our 4G network, reaching 99,9% outdoor and 99,5% indoor at the end of 2018. We're equally excited about the opportunities that 5G will deliver and are preparing its roll-out. This year we had a successful 5G field trial in Haasrode (Leuven) and we want to have the first 5G city in 2020.

Furthermore, we started a long-term investment program to develop our "backbone" network. This work, part of a multi-year project called TITAN (Terabit IP Transport & Aggregation Network), will increase our capacity significantly and will also raise our network reliability.

We are the market leader in IoT (Internet of Things). Our new Narrow Band-IoT network will be used to connect the 1.3 million digital meters, for both gas and electricity that

Fluvius intends to roll out in Flanders by the end of 2022. In our in-house innovation center, we transform technologies such as IoT, Cloud or Big Data into impactful solutions for smart homes and buildings, smart retail, smart logistics, smart energy, smart mobility, smart industries, smart cities...

In a world that is changing at the speed of light, we are bringing all our talents together and we are expanding our ICT ecosystem to really make a difference to society. The acquisition of Davinsi Labs strengthened our abilities in cybersecurity, while Unbrace added to our web development expertise. Last year, ION IP in the field of security, Umbrio, a company specialized in managing IT operations and Codit, a market leader in business application integration joined the company. Through our subsidiary Be-Mobile, we are also paving the way for better mobility and trialing Road User Charging. While Bics, our leading international communications enabler and its recently acquired subsidiary Telesign, offering Communication Platforms as a Service, continue to connect the world by creating reliable and secure mobile experiences anytime, anywhere.



Stefaan De Clerck

Chairman

"We are proud that we have both the ambition and the strategy to make our contribution to a sustainable future."

Transforming into an agile and flexible organization with digital savvy, engaged and empowered employees.

We are committed to making Proximus a safe, inspiring and inclusive workplace that offers equal opportunities for everyone and training to build the skills of the future.

The Proximus corporate culture is based on five overarching values: Collaboration, Agility, Accountability, Customer orientation, Digital mindset. These values are a connecting thread

in all things we do and how we do it. In order to be successful, it's essential we cultivate the right culture, as well as the right skills and attitudes.

Since 2014 we have been investing in a new culture, Good to Gold, shaping a growth mindset among our employees. We also focus on on-the-job training and we have strengthened our existing training offer by launching several new courses.

In the scope of our Good to Gold culture, we have been working for several years on giving teams more empowerment. In 2018, we increased the speed of this initiative, as autonomy will empower employees to create more value for our customers. We are working more and more in transversal and multidisciplinary teams, also upscaling capabilities of employees in methodologies like Agile and Design Thinking. All this leads to increased accountability and faster delivery of the right products & services.

We give people ownership of their ongoing development. A "Digital First" mindset has been nurtured amongst employees through training and coaching, and each has been

given the appropriate tools they need to fully embrace the digital workplace at Proximus.

Sustainability and society matters

Over the past years, our CSR activities revolved around three main pillars: education, communities and the environment, and we are deeply committed to each one. We are a founding partner of 19, the first entirely free Belgian Coding School, and Digitalent, an initiative set up in collaboration with employment agencies and cities that encourages young people to become more familiar with modern technologies. Furthermore, a number of our employees are involved in an outreach program that aims to create a safer Internet for all. And we continue to support Bednet & Take Off, 2 initiatives that bring school to long-term sick children.

As a company strongly rooted in Belgium, we are a proud sponsor of major culture and sports organizations, as well as various events. We are particularly focussed on football (Red Devils) and cycling, all the Flanders classics are sponsored by Proximus, as well as various festivals (Rock Werchter etc.) and high-cultural events at the Bozar (Queen Elisabeth competition, KlaraFestival).

We also take our impact on the environment very seriously as is clearly demonstrated by our efforts to reduce energy consumption,

promote green mobility and reduce waste. We are one of the few CO₂ neutral telecom players in the world and proud to have a place in the CDP Supplier Engagement leader board.

As CEO and Chairman of the Board, we are proud that we have both the ambition and the strategy to make our contribution to a sustainable future. In 2018, we dedicated time & resources to review our CSR strategy and develop a more extensive sustainability strategy with the ambition to contribute to an inclusive, safe, sustainable & prosperous digital Belgium.

We believe Proximus can act in 4 strategic areas. First and foremost, as a digital company and provider of digital services, we want to enable a better digital life. This goes through deploying the digital infrastructure of the future, being a motor of innovation by supporting the right ecosystems and creating a trusted digital environment to encourage digital adoption by citizens and companies. Next to this, we want to be Caring for our stakeholders, especially our customers and employees, while also doing business right (ethics, compliance, GDPR, privacy...) By making digital accessible to all and driving education, as well as investing in local culture and societal causes, we want to contribute to a better society. Facing the impact of climate change, we want to focus even more on

Respecting our planet continuing our efforts to being CO₂ neutral, becoming truly circular and through a sustainable supply chain.

Preparing for a digital future

To further drive growth in the challenging environment we work in, we are launching a new 3-year strategy in 2019 under the name #shifftodigital to become a truly digital-centric organization. We believe that by fully embracing the shift to digital we can stay relevant and create a more personalized service offering, while increasing our efficiency and reducing internal costs. This reflects our new sense of purpose: "we open up a world of digital opportunities, so people live better and work smarter."

Over the coming years Proximus will accelerate its transformation, and further reduce its cost structure in order to continue to stay relevant in the market and maintain the needed investments in networks (fiber, 5G), innovation and content. As such we are targeting an additional gross saving of €240 million by 2022. Proximus will continue to grasp cost-saving opportunities through the rationalisation of its networks, product portfolio, platforms, buildings and IT systems and through further simplification, automation and digitalization. Proximus will also consider the possibility of reducing further the number of employees by approximately 1,900 people in the next 3 years in line with the planned

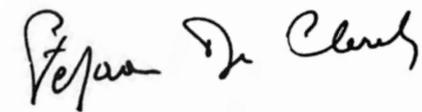
workload reduction. Proximus has a tradition of realizing transformation in a responsible and respectful way and commits to continue doing this. Recently we started the consultation and information phase with our social partners to investigate how the ambitions can be reached in the most socially acceptable way. At the same time we will continue investing in the future of our company amongst others with an important investment in the training and upskilling of our employees to increase our competences in the digital domains

We are at the heart of both the digital and the country's economy and we take this responsibility seriously. We will continue to build the company for the future by embracing the opportunities that digital brings.

Dominique Leroy
CEO



Stefaan De Clerck
Chairman



Who we are & what we do

Proximus¹ is a telecommunications company and a digital service provider operating in Belgium and abroad. We provide services to residential, enterprise and public customers under various brands. From telephony, internet, television or network-based ICT services to digital services like smart mobility and security.

Our advanced interconnected fixed and mobile networks offer access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. We are investing in future-proof networks and innovative solutions, creating the foundations for sustainable growth and becoming a truly customer-centric digital company.

¹ Proximus Public Limited Company under Belgian Public law



Belgium

We are a telecommunication & ICT company serving the Belgian market through our Proximus and Scarlet brands.

Proximus: Through its best-quality integrated fixed and mobile networks, Proximus provides access anywhere and anytime to digital services and easy-to-use solutions, as well as to a broad offering of multimedia content. As a pioneer in innovation, Proximus transforms technologies like the Internet of Things (IoT), Big Data, the Cloud and Security into solutions with positive impact on people and society.

Scarlet: The no-frills offering for customers looking for the best prices.



Luxembourg

Proximus Luxembourg is active through its commercial brands Tango and Telindus, matching all telecom needs for residential and business customers in Luxembourg.

Tango: Fixed and mobile telephony, TV and Internet services for residential customers, self-employed and small businesses.

Telindus: Converged ICT and telecom services for large companies and public administrations.



Netherlands

Telindus is a leading provider of smart and secure IT-infrastructure services.



Global

BICS is a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide.

Their solutions range from global mobile connectivity, seamless roaming experiences, fraud prevention and authentication, to global messaging and the Internet of Things.

Proximus is “opening up a world of digital opportunities, so people live better and work smarter,” and ensures that everyone can enjoy the benefits the digital world has to offer.



We grew our ecosystem of digital transformation experts in all areas

In the growing digital economy, a company's success is increasingly founded on partnerships and innovation. In 2018, Proximus further grew its ecosystem of experts to reinforce its objective of enabling the digital transformation of its customers.

Proximus acquired ION-IP, a Dutch based security company to strengthen its position in the cybersecurity market.

Proximus also acquired Umbrio, a Dutch company specialized in IT & network operations, monitoring and analytics to reinforce its position in the growing IT & network operations and analytics market.

In July 2018 Proximus made the acquisition of Codit, a Belgium-headquartered IT services company and a market leader in business application integration, API Management,

Microsoft Azure and Internet of Things. This acquisition fuels its ambition to become the partner of choice to guide enterprises in their digital transformation.

Proximus subsidiary, Be-Mobile, specialized in smart mobility, expanded its smart mobility services in Europe by acquiring the French company Mediamobile.



Key Financial Highlights

We maintained a solid position on the market and delivered on our 2018 outlook, with stable Domestic revenue and our Group EBITDA growing by 2.4%.

Operating in a highly competitive environment, we achieved in the last quarter of 2018 further growth in our Consumer base for Internet, TV and Mobile Postpaid, driven by our ongoing customer centricity efforts, dual-brand strategy and market segmentation approach. In the family segment, our successful year-end campaign attracted many more customers to our convergent all-in offers Tuttimus/Bizz All-in, with the base now reaching 508,000. The revamped mobile portfolio launched 1 November 2018, and the Epic offer designed for millennials drove a sound mobile customer growth. In the price-seekers segment, our no-frills brand Scarlet continued to grow its base, benefitting from a strong increase in brand awareness over the past year and occupying a competitive position on the low-end of the market.

Our Enterprise segment sustained its solid position in the fourth quarter, growing its

mobile customer base and benefitting from the enlarged ICT portfolio. Over the past year we have grown our ecosystem of ICT experts, allowing us to offer new meaningful solutions for our Enterprise customers, while supporting the retention of Telecom services.

Our Fit for Growth Strategy, launched in 2014, has proven to be successful, with our underlying EBITDA growing since 2015. We operate in a highly competitive environment within a fast-evolving landscape, and our industry is now reaching a tipping point when it comes to digital. That's why we have adopted a new strategy, "#shiftdigital", as we want to remain relevant to our customers and support enterprises in their digital transformation, while becoming more efficient and agile.

We continue to invest extensively in our infrastructure by expanding our Fiber-to-the-Home footprint, now initiated in 9 cities, upgrading our backbone network, ensuring



Dominique Leroy
CEO

"We maintained a solid position on the market and delivered on our 2018 outlook, with stable Domestic revenue and Group EBITDA growing by 2.4%"

a high-quality mobile network, improving the overall customer experience and becoming a personalised gateway for access to content.

When it comes to our announced transformation plan, we have started the information and consultation phase with our social partners, with the intention to review our HR rules and to negotiate the potential leave of 1,900 employees over the next 3 years.

In our continuous endeavor to bring new solutions to our customers, we are happy to announce the further enhancement of our millennials offer with Epic combo, available on April 2. This includes fixed and mobile internet access, music and social apps and free viewing of many video platforms, including the Proximus TV app and this on all screens.

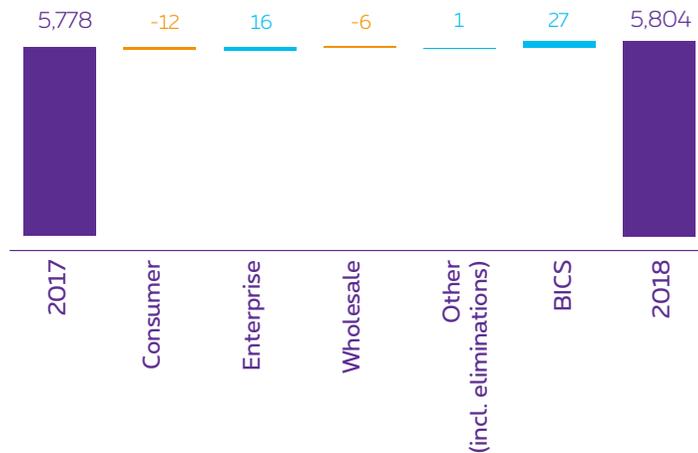
Regarding the spectrum auction, we fear for a further delay, potentially putting Belgium

at the tail of European 5G deployment, while we would like to support enterprises testing 5G use cases in the context of their digital transformation.

With regards to our expectations for 2019, we anticipate our underlying Domestic revenue to remain nearly stable compared to the prior year. The 2019 underlying Group EBITDA is expected to remain stable with a slight EBITDA growth of our Domestic operations compensating the EBITDA decline of BICS. The Group Capex for 2019 is expected to be stable compared to the 2018 level of around EUR 1 billion. In line with the announced 3-year commitment in 2016, we reconfirm our intention to return to our shareholders a stable dividend of EUR 1.50 per share over the results of 2018 and 2019.

Group underlying revenue +0.5%

Revenue by segment waterfall



Revenue

The Proximus Group ended the year 2018 with total underlying revenue of EUR 5,804 million, 0.5% above that of the prior year. The Group underlying revenue is the aggregate of a stable Domestic revenue and a higher revenue for BICS, Proximus' International

Carrier business unit, including the revenue from TeleSign.

For its Domestic operations, Proximus posted stable revenue of EUR 4,458 million revenue. The revenue was primarily supported by the ongoing expansion of the TV, Internet and Mobile Postpaid customer base, in spite of

a competitive landscape. Moreover, the revenue from ICT showed good progress, benefitting from a strengthened ICT portfolio, including the acquisition of several small, specialized ICT companies. Furthermore, 2018 benefitted from a continued positive revenue evolution in Advanced Business Services and a revenue increase posted for Tango.

These favorable evolutions were able to offset the continued revenue erosion from Fixed Voice and Mobile prepaid; and from a lower Wholesale revenue.

Underlying EBITDA

The Proximus Group posted an underlying EBITDA of EUR 1,866 million for 2018, an increase of 2.4% compared to 2017. The Domestic operations of Proximus grew the EBITDA by 1.9% to a total of EUR 1,713 million. This was driven by Direct margin generated by Proximus' growing customer base, more than offsetting the EUR -30 million net decline in roaming margin, while

at the same time keeping its Operational costs nearly stable in spite of its expanding ICT business.

BICS closed 2018 with its Segment Result totaling EUR 154 million, 7.7% above that of 2017, including TeleSign. BICS' segment margin as percent of revenue for 2018 was 11.4%, up 0.6pp from the previous year.

EBITDA (underlying, M€)



CAPEX

The level of Capex reflects the Group strategy to invest extensively in enhancing its networks and improving the overall customer experience. In 2018 Proximus invested a total amount of EUR 1,019 million. This compares to EUR 1,092 million for 2017 which included the renewal of 3-year contracts for football broadcasting rights (Jupiler Pro League and the UEFA Champions League). This aside, the 2018 investments were somewhat up

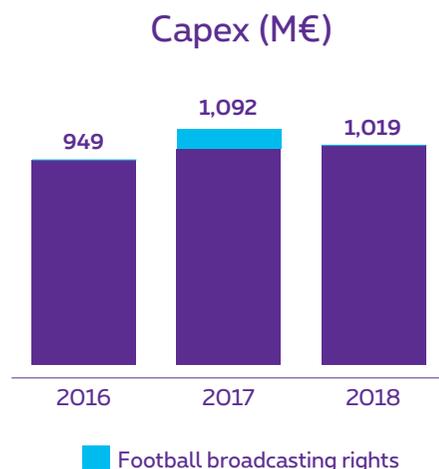
from 2017, including an increasing share of capex for Proximus' Fiber for Belgium project. The deployment of this future-proof network kicked off early 2017, with the roll-out ongoing in 9 cities in 2018. Proximus also invested extensively in its IT systems and digital platforms and in simplification and transformation. In addition, it ensured attractive content for its TV customers.

Free Cash Flow

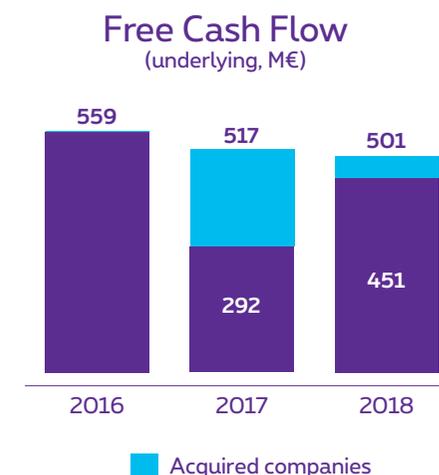
Proximus' 2018 FCF totaled EUR 451 million, or EUR 501 million when excluding the 2018 cash-out related to the acquisition of subsidiaries in the ICT domain. This compares to a EUR 517 million FCF for 2017, excluding the cash-out related to the acquisition of Davinsi Labs (May), Unbrace (October) and TeleSign (November).

On a like-for-like basis, the EUR 16 million decrease compared to 2017 was the net result of higher cash paid for Capex, higher payments for income tax and the beneficiaries of the early leave plan ahead of retirement, for a large part offset by a growth in underlying EBITDA and less cash needed for business working capital.

€1,019 M
investments in
2018



€501 M
Normalized Free
Cash Flow



Key achievements

2018

Digital



Proximus at a glance



Launch of **3 chatbots**, drastically improving customer experience



New improved **MyProximus app**



Sustainability

Governance and Compliance

A unique experience with the **Proximus TV app**

Aggregated dashboard giving our frontline employees an integrated view of all customer interactions



Launch of a **new decoder** enabling 4K TV



TITAN project increasing **backbone network capacity: data x 10**



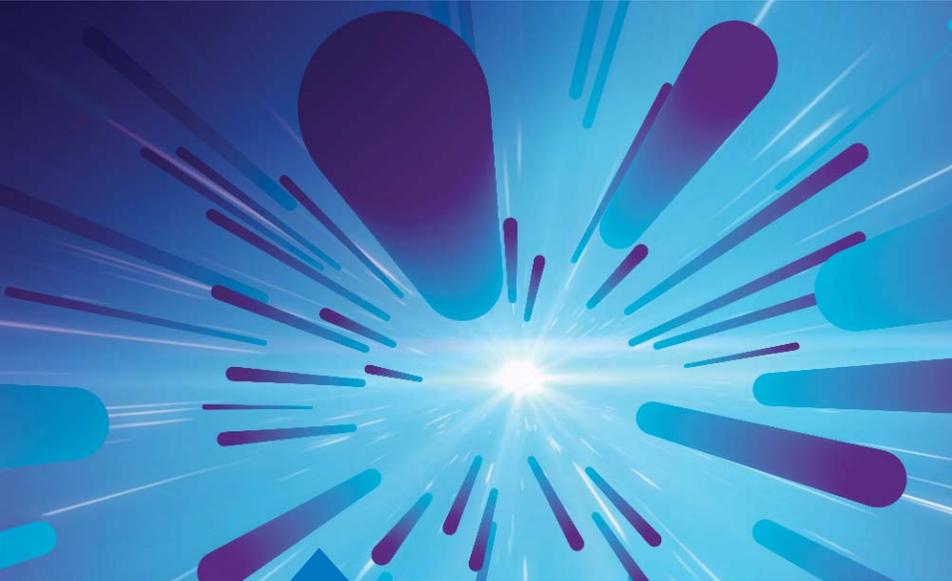
Single best intervention
Data analytics enhancing customer experience

Appendix

Fiber



Sustainable digital society



14 agreements
with other operators on
access to Proximus Fiber
network



**Partnership
with brand
new 19 Coding
School:**

a top-level coding
school based on peer-
to-peer learning with
157 students in 2018

**145,000 old
mobile phones**
collected in schools
since 2013

Fiber roll-out in
Brussels, Antwerp,
Gent, Roeselare,
Namur, Charleroi,
Liège, Hasselt, Leuven



48%
of companies in industrial
zonings with Fiber

© BEP



Delighting our customers



Mobile leadership

in Enterprise market
> 1,000,000 mobile cards

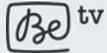
We continued conquering the heart of our customers

Redtogether supporting the Red Devils during the World Cup by giving free data during their matches



Proximus at a glance

Enriched content offer



We further strengthened our leadership in IoT



IoT ecosystem with more than 250 partners

M2M Market leadership
1,273,000 cards



supporting **esports** with the creation of 3 official leagues and incorporation of content on its platforms

Festivals strong presence during 25 festival days



Sustainability

Strategic acquisitions

Growing digital ecosystem



Launch of our NB-IoT network to connect Fluvius' digital meters

Launch of **Epic**, a new offer to win over Millennials



Governance and Compliance

Launch of Bizz Online

allowing entrepreneurs to have a website tailored to their needs



extensa



Key deals



Innovation projects

together with partners



Appendix

Simplification & efficiency



New simplified bill
for mobile customers

Introduction of **IoT** for better **stock management**

Launch of a **unified receivables platform**
improving invoices collection



Our employees



Digital workforce
Intensive re-skilling of our employees for the skills of the future, such as cybersecurity, data engineering



An agile way of working
resulting in faster products delivery, leading to faster complaints resolution and prevention



270,000
training hours

725
internal moves

548
external recruitments

#shifftodigital our new 3-year strategy

The world is changing faster than ever

Our Fit for Growth Strategy, launched in 2014, has proven to be successful: we are the only European incumbent that consistently grew both revenues and EBITDA from 2015 to date. But in an ever-faster changing environment, what worked in the past is no guarantee for the future.

Our industry is reaching a tipping point when it comes to digital. There is mass adoption of digital in respect of customer interactions,

particularly as consumers have become more accustomed to digital interfaces, convenient end-to-end journeys, self-service and real customer-centricity, as delivered by the best digital native companies. Markets conditions are profoundly changing too: what was once an evolutive market is now disruptive. We are faced with a flat market outlook and increasing competition, as well as new regulatory headwinds with the end of international call prices for residential customers in Europe, the opening of fiber and cable and a potential 4th mobile operator on the horizon. Moreover, there is a strong

pressure on prices, just as we have growing investment needs to cope with the rising demand for data (fiber, 5G) and increasing customer expectations.

That's why we have adopted a new strategy, "#shifftodigital", as we believe it's only by fully embracing this shift to digital that we can remain relevant to our customers, become more efficient, and reduce our costs to continue investing in our future.

We have to act now and need to transform much more quickly from a Telco company

to a truly digital and customer-centric organization.

Our renewed Sense of Purpose

Driven by the belief that "we open up a world of digital opportunities, so people live better and work smarter", we can already see that our investments in high-quality digital infrastructure are impacting the country's economy for the better. And that Proximus plays a somewhat hidden but positive role for society.



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

By 2021 Proximus made a real shift to a truly customer-centric digital company

Exciting ambitions for the next 3 years

We don't want to continue to just make incremental changes; by 2021 Proximus made a real shift to being a truly customer-centric digital company. This will enable us to remain relevant and attractive to customers and will make our employees digitally savvy, engaged and empowered.

Being relevant and attractive to customers

We want to be the leader in all mass market segments: families, millennial/GenZ, no-frills, and small enterprises. In the premium consumer segments, we want to make the difference versus competition with the roll-out of fiber and mainly on content services by proposing new forms of increasingly popular content such as e-gaming, e-sports and music

streaming. We want to be on the first screen of Belgians' smartphones with an application giving access to entertainment, a gateway to people's content and passions. Our goal is to aggregate this preferred content, from whichever platform to whatever screen, while adding the extra "local touch". In the no-frills segment we will continue to boost Scarlet's brand awareness – both in fixed and mobile.

For small enterprises, we will deliver premium services to protect the value and boost tailored ICT products (such as website design and maintenance) so that they too can keep up and take advantage of the digital changes.

For the larger companies and enterprises, Proximus wants to be the preferred partner when it comes to digital transformation by providing the precise assistance they require. As a top digital integrator, we are already pioneering in ICT innovation, with integrated solutions based on Internet of Things and data analytics. And we will tailor our end-to-end solutions more specifically towards different industry segments to

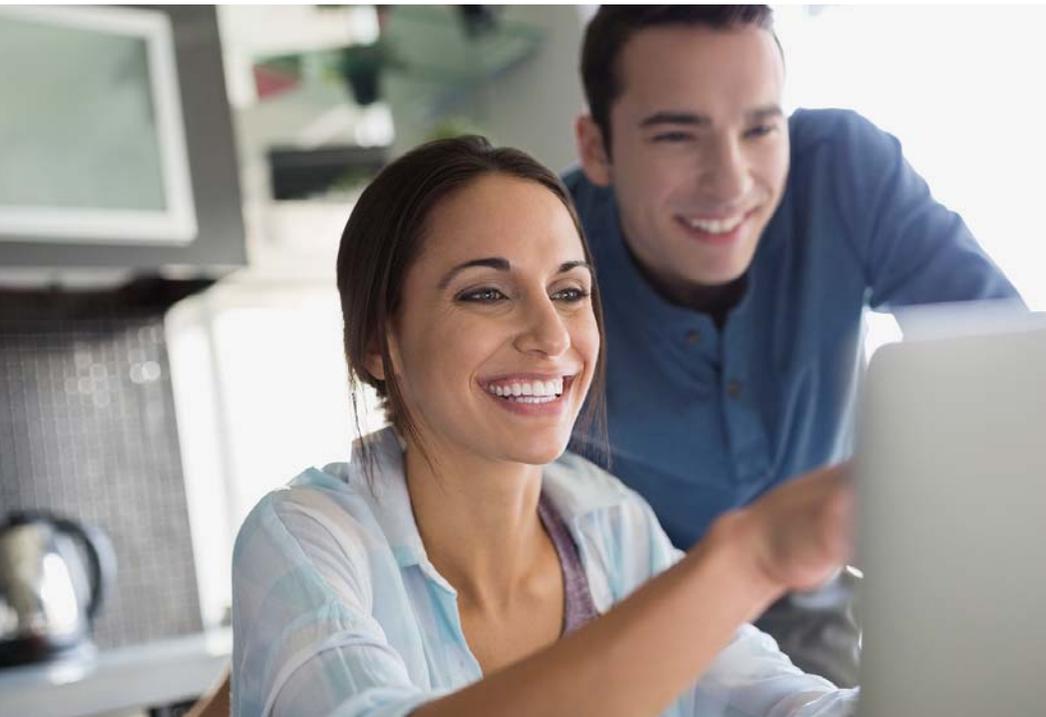
become even more relevant in the future. There is no limit to what we can achieve in cloudification, security, Internet of Things and Data Analytics.

Shifting customer experience to digital-first customer journeys

Our goal is to embed digital in everything we do. We will mainly rely on digital interactions to create effortless, personalized and proactive customer journeys in the residential market.

For our professional customers, we will build a coherent and easy-to-use digital self-servicing environment, while of course still providing human support for more complex situations.

We will also use digital to increase internal efficiency in customer operations. We will bring more value to our customers and make our operations more efficient by leveraging the abundant data that we gather thanks to our capabilities in data governance, automation, advanced analytics and AI.



Our Good to Gold values:
**collaboration,
accountability,
agility, customer
centricity and
digital mindset**



Leading in convergent network experience: building our fiber network and providing best video experience in mobile

Proximus will also meet its ambitions by delivering the best network infrastructure in the country. We are reaching cruising speed in the roll-out of Fiber and started the preparatory groundwork for 5G in mobile.

We are rolling out fiber to connect a vast majority of businesses and centers of cities and municipalities in order to achieve fixed network leadership in the long term. We also continue to invest in zones where we don't have fiber to deliver the rising enjoyment speeds of households (100 Mbps by 2025). In mobile we maintain quality leadership by focusing on video streaming quality and coverage on train lines. And we will prepare our country for 5G with a first city covered by 2020.

Reducing our costs by radical simplification and decommissioning of legacy products, networks and IT

While we will reach our cost saving ambition

of €150 million by 2019, we will maintain our focus on reducing our operational costs in the next years supported by new digital technologies.

At the same time, we'll prepare the next wave of efficiency gains through simplification and the decommissioning of legacy products, networks and IT. Furthermore, we'll save on network costs by renewing the backbone, phasing out copper, reducing the number of buildings and streamlining product portfolios. In January 2019, Proximus announced an additional gross cost saving ambition of €240 million by 2021, that will be realized through different types of measures, including a potential reduction of employees by approximately 1,900 people.

Transforming into an agile and flexible organization with digital-savvy, engaged and empowered employees

Interacting with customers earlier in the development process, leveraging data, hiring and coaching top digital talent, etc.: all these things come naturally to digital native companies but they will require careful

attention and active change management at Proximus. In the end the shift to digital will come through ourselves. With more digital-savvy employees, future-proof skills and a life-long learning mindset, our DNA will be digital by design. Our transformation will be supported by our continued commitment to our Good to Gold values: collaboration, accountability, agility, customer centricity and digital mindset. Also, we plan 1,250 recruitments in the next three years (500 in new digital domains and 750 in IT at our affiliates).

A shift to digital with sustainability at its heart

On our journey towards becoming a truly digital company, besides delivering strong financial and operational performance, we want to contribute to create an inclusive, safe, sustainable and prosperous digital Belgium, thereby bringing to life our new Sense of

Purpose. We want to make a positive and meaningful difference and have an impact on society as a whole; our networks and platforms are the digital highway of our country's economy and our solutions address societal challenges such as mobility, energy, climate, etc. We contribute around four strategic areas: Digital for all, Caring for our stakeholders, Contributing to society and Respecting our planet.

Digital creates a world of opportunities, but also comes with new challenges and responsibilities. We therefore put a special focus on cybersecurity, resilience of our networks and systems, and compliance.

While we appreciate that there will be challenges ahead as we #shiftdigital, we also know that this is where we need to be and where we want to be: at the very heart of a better digital society.



Creating an inclusive, safe, sustainable and prosperous digital Belgium



Creating an inclusive, safe, sustainable and prosperous digital Belgium

Living and working in an ever fast changing society	22
Contributing to society while creating value for our stakeholders	25
Enabling a better digital life	28
Caring for our stakeholders	40
Contributing to society	52
Respecting our planet	60

Living and working in an ever fast changing society

As a provider of digital services, we keep a finger on the pulse of societal trends, opportunities and challenges. Digital innovations not only delight customers, they also bring new ways to tackle societal, economic and environmental challenges.



Fast changing society

Greener future

Climate change is a major concern for us all. While ways to tackle this are debated at global level through initiatives such as the Paris Climate Agreement (2015), there is an urgent need for each of us to reduce our environmental impact and carbon emissions.

Digital technologies can help develop smart ways to manage waste, energy and buildings. Pollution in cities can be reduced through smarter mobility and smarter energy choices. Through digital, we can build a more sustainable society and help preserving our planet's future.

Smarter mobility

Belgium's traffic jams are some of the worst in Europe. They impact the mobility of citizens and air quality, especially in large cities, and have huge economic impacts. Many European countries are making great strides in tackling the mobility crisis and Belgium needs to get up to speed, fast. Because of the unique challenges we face, Belgium is the perfect incubator for innovative solutions. Within 10 years, our mobility can be drastically changed if the right investments are made in infrastructure and technologies supporting smarter mobility and smarter logistics.

This would not only benefit the environment, but also make traffic faster and safer thanks to mobility monitoring, smart parking, route planning and an intelligent and accessible mobility mix.



Digital human capital

Our country is lagging behind in terms of digital skills for the new economy. On the 2018 DESI (Digital Economy and Society Index), Belgium currently occupies the 12th place for digital human capital and the 23rd place for STEM (Science, Technology, Engineering and Mathematics) graduates. There is an urgent need to reimagine our education system so our children acquire the essential digital skills they need for tomorrow.

At present, 39% of the Belgian population have little to no digital skills. Belgian enterprises state the lack of digital human capital as their biggest challenge in the years to come.

The stakes are high. Accelerated digitization and emerging technologies such as Artificial Intelligence across all industries are transforming the labor market as we know it. Without the necessary digital skills,

unemployment and social tensions will increase. But for every job lost, new jobs will appear. In fact, the total labor demand is expected to rise by 629,000 jobs by 2030, meaning 310,000 workers and unemployed Belgians will require massive re-skilling and upskilling¹.

A changing society

With Belgium becoming one big city environment, challenges in terms of mobility and quality of living are becoming citizens' major preoccupations, with smart cities projects and homeworking solutions on the rise.

Also our population is aging, and digitalization, smart living and health solutions will bring new ways of addressing this enormous societal challenge.

Grasping economic growth

Traditional industries are being disrupted by new entrants bringing new business models such as the platform and sharing economy.

Data is the new currency and managing the vast quantities we produce requires

continuous investment in mobile and fixed connectivity, as the digital highways of our economy. Currently, Belgium holds the 5th place on the DESI for connectivity, and to stay in the top, rolling out the Gigabit networks of the future like Fiber and 5G will be crucial.

While Artificial Intelligence, the Internet of Things (IoT), augmented/virtual reality and Blockchain are factors of disruption, they are also drivers of innovation and economic growth for our Belgian companies while at the same time offering an array of possible solutions to societal and environmental challenges.

A digital consumer

In parallel, consumer needs are shifting extremely fast. Today, the digital consumer expects a personalized and smooth experience in every interaction, from entertainment and shopping to banking and government services.

Connectivity is seen as a basic right, like clean water and electricity. Consumers expect a seamless experience and are

¹ Agoria, 2018

exponentially consuming data driven by video consumption and gaming. Investments in digital infrastructure to cope with these rising demands while the willingness to pay decreases, is creating a huge challenge for operators.

The digital society should offer opportunities to all, the young and old, the rich and poor. The digital future needs to be made inclusive, through education and community initiatives.

Digital trust

The other side of the data coin is trust. As data grow exponentially, so do the risks of breaches and cyber-attacks. While communication networks need to become more flexible and customized, they also need to be reliable and secure.

Trust is one of the most important success factors for becoming a truly digital economy. While GDPR formalizes the protection of data privacy as well as the reputational and financial consequences of failure to do so, consumers, companies and governments

also need to understand how to behave responsibly and safely in the digital world.

While consumers become increasingly aware of security and privacy, we should put specific attention on the non-digital natives and children. Those are the new responsibilities the digital world brings.

A fast-changing market environment for Proximus

Declining legacy revenues, low pricing power, limited differentiation and product innovation, and lack of silver bullets in adjacencies have kept growth below inflation in European telco markets (0.3% in 2017 according to ETNO).

In a low growth environment, increasing operational efficiency is key to answer high investment needs in domains that will determine future competitive advantage: fiber/5G, TV/content offers, digitalization

of customer interactions, diversifying B2B business through acquisition of ICT and integration skills and capabilities.

Low growth and low pricing power in telco markets

The telco market is featuring increasing saturation. Growth in Internet and TV services is slowing down to population growth. Also increases in smartphone penetration are limited to the oldest and youngest age segments. In this flat market incumbents and new low cost challengers compete for market share, resulting in increasing pressure on price.

How to remain relevant to customers

The disintermediation of voice and messaging services by OTT applications like WhatsApp is still a major driver of the slow growth in telco, through its impact on fixed voice and metered mobile voice revenues. In coming years other disintermediation risks will increase.

Content is an important lever to remain relevant to customers. Viewing behaviors

continue to change rapidly and the fragmentation of content offers increases with local broadcasters going OTT (VTM.be, Auvio, VRT.NU, Stievie, etc.), with big OTT players like Netflix and Amazon producing more and more original content, in new domains such as live sports or local content, and new forms of entertainment such as e-sports are emerging.

New and improved communication and collaboration tools for enterprises such as Microsoft Teams and new technologies such as cloud, API, SDWAN are just a few examples of substitution of traditional telco and ICT services in the enterprise market.

Regulatory headwinds

While the impact of roaming-like-at-home has fully materialized, new regulatory headwinds will put pressure on revenue growth in coming years: regulation of international call tariffs, more favorable regulation of cable wholesale access, regulated FttH access and the risk of a potential 4th entrant on the Belgian market.

Contributing to society while creating value for our stakeholders



Our strategy

In 2018, we dedicated time and resources to review our CSR strategy and develop a more holistic sustainability strategy, around 4 strategic areas. We started through an extensive reputation survey amongst our stakeholder groups and developed a new framework based on these outcomes. The details of our approach, also leading to our

material topics and our governance, can be found in the appendix.

What emerged as our overriding goal is **“contributing to create an inclusive, safe, sustainable and prosperous digital Belgium”**.

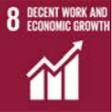
We believe Proximus can act in 4 strategic areas to serve this goal, each translated into

actionable pillars. Driven by our sense of purpose, and as a provider of digital services, we want to **enable a better digital life**. This entails deploying the digital infrastructure of the future, being a motor of innovation by supporting the right ecosystems and creating a trusted digital environment to encourage digital adoption. We want to **care for our stakeholders**, by ensuring we have a solid governance alongside all initiatives towards

our customers and employees. **Contributing to society**, by making digital accessible to all and driving education, as well as investing in local culture and societal causes. Last but not least, **respecting our planet** by being CO₂ neutral, becoming circular and through a sustainable supply chain. With concrete objectives, we want to increase our contribution to a better Belgium.

Integrating the UN's Sustainable Development Goals

We have integrated the realization of the United Nations' Sustainable Development Goals (SDGs) in our new sustainability strategy, linking them to our four strategic areas: Enabling a better digital life, Caring for our stakeholders, Contributing to society and Respecting our planet.

SDG	SDG goal	Strategic relevance for Proximus	Link to our sustainability framework
	Ensure healthy lives and promote well-being for all at all ages	With concerns surrounding radiation and health, we want to play our role in informing customers about electromagnetic waves as well as providing precautionary measures.	Caring for our stakeholders
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	The war for talent is getting harder and harder as the skills for the jobs of tomorrow get more specialized. The re-skilling of the Belgian workforce is a challenge we must participate in so as to ensure we have the skills needed for the digital economy & society of tomorrow. We invest in upskilling our workforce so our people can grasp the digital opportunities, with a yearly training budget of around €24 million (2018) and will increase this substantially over the next 2 years. We also pilot re-skilling initiatives for young job-seekers such as Digitalent or School 19.	Caring for our stakeholders Contributing to society
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We know that the jobs of the future will be digital. We work with many associations to re- and up-skill the Belgian population so as to sustain Belgian economic growth and increase the number of digital talents. In that way, we contribute to driving the digital transformation of our economy & industry. We are also a major employer through direct (13,385 FTE) & indirect (16,000) employment and as such contribute to the Belgian economic ecosystem.	Caring for our stakeholders
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	We build future-proof digital infrastructure, investing around €1 billion per year in networks and innovative platforms & solutions that are critical enablers of a digital economy & society. We also started a €3 billion fiber investment. In addition, we support innovation ecosystems to make Belgium a frontrunner in digital in Europe and unlock the economic growth potential.	Enabling a better digital life
	Make cities and human settlements inclusive, safe, resilient and sustainable	We contribute to building smarter cities and smart solutions that answer societal challenges & support local communities.	Enabling a better digital life Contributing to society
	Ensure sustainable consumption and production patterns	We set strict ambitions to reduce our waste, recycle our construction materials, etc. We also impose strict standards throughout our supply chain and partner with suppliers respecting our standards. Finally, we aim to becoming circular within the next 10 years and signed the Green Deal Circular Purchasing of Circular Flanders in 2017.	Respecting our planet
	Take urgent action to combat climate change and its impacts	Climate change is a key issue for us. We aim to limit the negative environmental impact of our operations and set ambitious goals to do so. For instance, we are one of the few carbon neutral telecom operators in the world.	Respecting our planet

Our materiality matrix

The areas in which we contribute to sustainability are broad. To bring focus we consulted our stakeholders to define and act upon the most material topics, represented in our materiality matrix.

In 2018, we went through an in-depth assessment process, gaining a structured understanding of where we have a social, environmental and economic impact and what matters to our stakeholders most. We address and report on the most material topics in our annual report and plan an in-depth review of the matrix in three years' time. More information about our methodology and the design of the materiality matrix can be found in the Transparency section in the Appendix.

The audited KPI's are highlighted in the GRI Content Index in the Appendix.

We focus on the topics in the upper quadrant of the matrix. These link with the strategic areas of our sustainability framework:

Enabling a better digital life

- innovation and digital infrastructure
- digital competitiveness of institutions and companies
- privacy and data security

Caring for our stakeholders

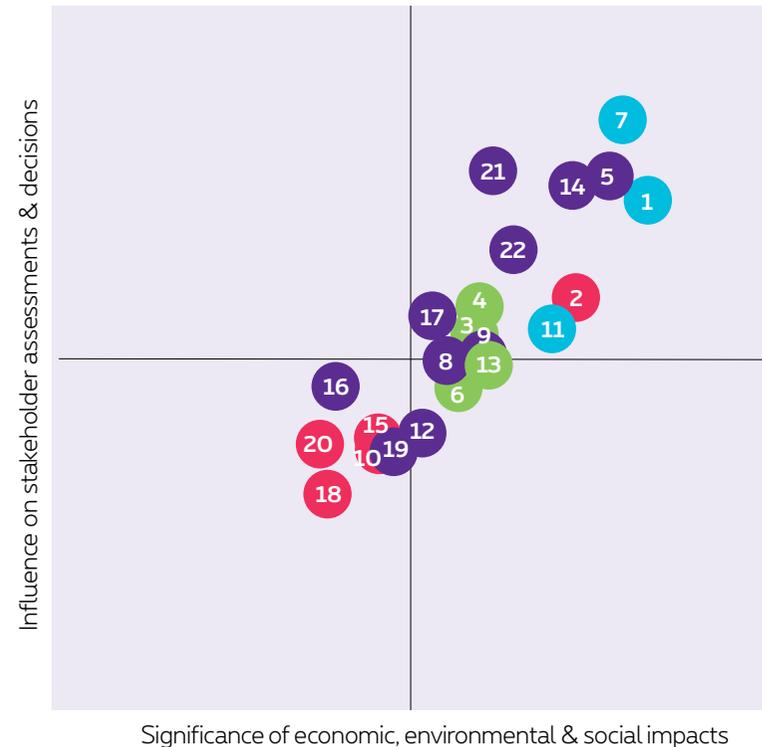
- business conduct and ethics
- pricing and billing transparency
- quality products and services
- responsible marketing
- customer relationship
- health and safety
- human capital and employee development

Contribution to society

- connectivity and digital inclusion

Respecting our environment

- sustainable supply chain
- energy and greenhouse gases
- circular economy



- | | |
|--|---|
| 1 Innovation and sustainable infrastructure | 12 Remuneration |
| 2 Connectivity and digital inclusion | 13 Responsible sourcing and resource efficiency |
| 3 Energy and greenhouse gases | 14 Quality products and services |
| 4 Circular economy: Electronic waste and equipment recycling | 15 Responsible taxes and state contribution |
| 5 Business conduct & Ethics | 16 Law suits/ claims |
| 6 Sustainable supply chain | 17 Responsible marketing |
| 7 Privacy & data security | 18 Sponsoring |
| 8 Health and safety | 19 Redundancies |
| 9 Human capital & employee development | 20 Human rights |
| 10 Social engagement and development | 21 Pricing and billing transparency |
| 11 Digital competitiveness of institutions and companies | 22 Customer relationship |



Enabling a better digital life

Enabling a better digital life

We enable a better digital life by building a **future-proof infrastructure with high-quality networks and digital platforms**, as well as through **innovative solutions and services** that address societal challenges. We believe in open innovation and co-create in **digital ecosystems** with the academic world, start-ups and scale-ups.

We pay particular attention to developing a **safer digital society**. We provide cybersecurity solutions and services to our residential, enterprise and public customers and build trust in digital through **data protection/privacy** and awareness initiatives. We are also a proud founding partner of the Cybersecurity Coalition.



Connected, no matter where you live or where you go

Future-proof digital infrastructure

Material Topic*: 1

The success of Belgium's digital future depends on future-proof connectivity. Being connected is part of every person's and every company's daily life. At home, at work and on the go. That's why we massively deploy future-proof infrastructure.

Since 2014, Proximus has been investing around €1 billion annually in its telecom infrastructure and fixed and mobile networks. This makes us the biggest investor in digital infrastructure in Belgium.

We are investing €3 billion over 10 years to accelerate the roll-out of Fiber, connecting a majority of businesses and bringing Fiber to all centers of cities and municipalities. And with the further deployment of 4.5G we are preparing the road to 5G in 2020.

Our networks enable people and companies to access the opportunities of the digital world. As the main national player in telecom, our engagement is to ensure that every citizen has access to high-quality fixed and mobile connectivity, no matter where they live or where they go.

*Materiality Matrix p. 27

KPI	Result 2018	Result 2017
4G indoor coverage ¹	99.5% ²	98.1%
4G outdoor coverage ³	99.9% ²	99.8%
Fixed Internet: 30Mbps coverage ⁴	92%	86%
Combined Average VDSL & ADSL speed	72.6 Mbps	68 Mbps
Vectoring coverage in Belgium	88%	83%

¹ The indoor coverage refers to the coverage of 4G inside of buildings.

² The 2018 figure is based on a Q4 measurement campaign performed by an external agency Commsquare (from 07/11 to 28/11/2018 in the main cities and on the main roads).

³ The outdoor coverage refers to the coverage of 4G outside of buildings

⁴ This includes copper & fiber homes passed

Fixed network

Fiber enables low-latency and stable high-speed connectivity, today reaching up to 1Gbps up- and download speeds, and tomorrow even up to 10Gbps, making its roll-out one of our key investments for a digital economy and society. Today we commercially offer a download speed of up to 220Mbps, which can be boosted to 400Mbps.

In 2018, we were rolling out fiber in nine Belgian cities – Antwerpen, Luik, Brussel, Leuven, Charleroi, Namen, Roeselare, Gent, Hasselt (an increase of two compared with the

end of 2017) – bringing our fiber roll out to cruising speed thanks to our industrialization efforts.

For business customers, we proactively roll-out fiber in zones with high business densities, like industrial zones and business parks and offer on-demand fiber connectivity to any business customer who requests it. Our coverage within the business and corporate market segments also saw a strong increase. By the end of 2018, 48% of companies (compared to 17% in 2017) located in industrial zones could benefit from fiber.

In 2019, we have planned to double our fiber footprint and start deployment in seven new cities. And we will finalize the deployment in industrial zonings as we reach our targeted coverage. In parallel to the deployment, we will especially focus on digitizing our activities and optimizing the experience we deliver our customers, from the first contact they have with fiber up to the after-sales service. Our ambition is to increase the level of proactivity in our servicing approach in order to further delight our customers.

While we believe fiber to be the network of the future, Proximus continues to maintain and upgrade the copper infrastructure to ensure a high-quality customer experience for all.

In 2018, we further increased the speed with the continued roll-out of vectoring technology reaching 88% coverage and by migrating customers from ADSL to VDSL (+30,000 customers in 2018) offering higher speed and improved stability. In 2019, we will continue to expand VDSL coverage by installing new VDSL remote optical cabinets and continuing migration

to VDSL. In addition, we will optimize Wi-Fi performance thanks to new tooling and continue testing and developing the next generation of copper technologies – Ultra Vectoring – enabling us to significantly increase the network speed for customers.

Mobile network

To meet growing demand for connectivity on the go, Proximus continued to extend the coverage of its 4G network, reaching 99.9% outdoor and 99.5% indoor at the end of 2018. We are also investing in 4.5G and performed a successful 5G field trial in Haasrode (Leuven). Deploying 5G along with fiber will allow us to provide consumers with a stable high-speed network both inside and outside their home.

In 2019, we plan to further explore 5G capabilities and continue extending 4,5G to offer an excellent experience to our customers.

White zones

While white and rural zones are less economically attractive, we aim to connect everyone everywhere by using new

technologies and co-investing with public authorities. The main Belgian operators each promised to invest €20 million over three years (from 2017 to 2019) in Wallonia to improve the coverage of these zones.

In 2016 the BIPT identified 39 municipalities as white zones. At the end of 2018, 38 out of the 39 municipalities had a 4G (outdoor) mobile coverage of more than 99% of the population, and 32 out of 39 municipalities had a fixed broadband coverage of at least 30Mbps for more than 60% of the households.

We have worked for several years with Tessares, a UCL spin-off, on innovative solutions to connect remote areas. Also, more recently, we have been testing microwave ROP technology, connecting VDSL street cabinets through wireless microwave technology. For example, in 2018, we launched a promising pilot in Felenne.

We continue to deploy new ROP's to offer high-speed fixed broadband services and digital TV with High Definition quality. Our aim is to offer outdoor 4G mobile coverage to the entire population of the defined white zones and we will continue launching innovative projects to further improve fixed and mobile network quality.



Open innovation and supporting new ecosystems with universities, start-ups and scale-ups are key to unleashing the digital future

Digital innovation

Material Topics*: 1 11

Open innovation and supporting new ecosystems are key to unleashing the digital future. We partner with universities, start-ups, scale-ups and other key players that drive innovation in Belgium, working

amongst others on security and IoT solutions such as smart energy, smart mobility, smart logistics and smart health. Together, we not only create more impact and address societal and environmental challenges, we also open up a world of digital opportunities that improve the lives and work of people.

KPI	Result 2018	Result 2017
Active M2M cards	1.3 Mio	1.2 Mio
ICT revenues (national + international)	561 Mio	509.2 Mio
Number of projects with universities/education institutes	39	N.A.

*Materiality Matrix p. 27

Academic partnerships

If we want to succeed in tomorrow's digital economy, we need open innovation. That's why we collaborate with major universities and their talent hubs.

It's a win-win partnership: we gain access to innovative designs and perspectives from academics, and they gain access to our infrastructure and resources to scale up their ideas.

Together, we'll shape our future.

From fundamental technologies to education and upskilling,
Proximus has a comprehensive portfolio of initiatives with universities

Proximus has worked with universities for many years and this collaboration has gradually intensified.

In 2018, we contributed to many hackathons and tech events: the “Citizen of Wallonia” hackathon hosted by UMons, the “Dramco Ghent” event with KUL, the “Antwerp Chainport” hackathon with UA, the “Mons Hack Arena” event with UMons, the “Wallonia Futurocité” seminar, and many more.

Proximus supports academic research by providing relevant business input to ensure that research programs stay closely aligned to business demand. In addition, we can provide access to resources and infrastructure. We have research projects at ULB/UCL, KUL, and VUB where Proximus also participates in the Advisory Boards that steer these research projects. Proximus also actively participates in funded RD&I projects with universities, such as with KUL and ULB.

In 2017, Proximus and UGent announced their intention to jointly create research projects in the telecom and ICT fields and to cooperate on

doctoral research and theses. We are currently working with UGent on several projects, such as studying exposure to air pollution using data from our mobile network, or making a predictive analysis of criminal offences, again using our mobile network.

Furthermore, we envisage cooperating even more closely on aligning training courses with the fast-evolving labor market and bringing the corporate and university worlds closer together.

In 2018, we launched the TalentHub in Ghent with seven pilot projects, recently expanded to all R&D flagged projects within Proximus. Here, we encourage collaboration between our employees and innovation communities such as universities and start-ups.

We also signed a strategic partnership with IMEC in 2018 on societal challenges such as Smart Cities and Artificial Intelligence.

In 2019, we want to rethink our strategic approach and structure and refine our collaboration with the education and academic ecosystem.

Support start-up and scale-up communities

Belgium has a huge network of young companies, start-ups and scale-ups. We want to be a motor of innovation and a catalyst of new Belgian companies.

By sharing our know-how, resources and infrastructure in collaborative partnerships, we can increase innovation and grow our digital economy.

InPost

InPost, launched in 2017 to facilitate collaboration with start-ups, is a portal where start-ups can quickly measure their value propositions against Proximus’ business challenges to find a strategic fit. In these “calls-for-innovation”, start-ups compete for selection to further co-create with Proximus. In 2018, we focused on the speech-to-text challenges of dialectal languages.

Through our IMEC partnership, the iStart start-up portfolio has been scanned to map Proximus’ business challenges. Selected candidates will pitch their solutions in front of the Proximus team.

Going forward, we intend to involve and join forces with Belgian corporates from other industries in our calls-for-innovation.

Co.Station

Proximus has been a shareholder of Co.Station since 2017. Co.Station is a Belgian community that unites some 1,500 entrepreneurs, start-ups, scale-ups, corporates, investors and influencers. Besides Brussels and Ghent, an additional location opened in Charleroi. Co.Station was granted the management of Antwerp’s IoT House, The Beacon, in 2018.

We supported various events around IoT, GDPR, Blockchain and social innovation, all aimed at a wide entrepreneurial community in Brussels, Ghent, and Charleroi.

We have also supported +90 start-ups and scale-ups representing +500 workers as Co.Station residents.

In 2019 we will include our customers in the Co.Station community.



MIC, B-Hive and Co.Station are key innovation partnerships for Proximus

FinTech

Belgium has an important ecosystem of FinTech start-ups and companies that we are proud to support.

Proximus is a founding partner of B-Hive, a European FinTech platform promoting collaborative innovation between major banks, insurers and market infrastructure to develop innovative solutions for financial markets.

In 2018, we worked with them on the organization of a series of events around blockchain that reached the entire Belgian FinTech scene. We will continue our efforts notably by facilitating start-ups' access to blockchain technology.

We invested in early-stage FinTech start-up in Luxembourg and also envision expanding our FinTech activities via our affiliate Telindus.

Microsoft Innovation Center

In 2017, Proximus joined the Microsoft Innovation Center (MIC) Belgium, a public-

private partnership with the Walloon Region and Microsoft, as a structural partner.

MIC focuses on entrepreneurship through coaching sessions and works closely with the developer community to enhance technical skills, organize events, provide training and certifications, and provides access to the latest IT hardware. The objective is to encourage the adoption of new technologies such as IoT, Data and AR/VR that will facilitate the next wave of innovation and to accompany enterprises in their digital transformation. The IoT Lab – a first joint step taken in 2018 – provides an environment to prepare for the digital future in the spirit of open innovation.

In 2018, jointly with MIC, we also promoted digital innovation. A great example is the launch of the new “Hack in the Woods” festival of code, bringing together developers and professionals around societal goals.

2019 will be a pivotal year for the Microsoft Innovation Center with the launch of new initiatives, bringing more cutting-edge

We want to be the partner of choice for enterprises,

guiding them in their digital transformation and co-creating smart solutions together

technologies such as AI and Machine Learning to enterprises.

MIC's mission to inspire, educate and foster digital entrepreneurship will also extend to an ecosystem of business partners and humanitarian organizations, fully in line with Proximus' commitment to open up a world of digital opportunities to all actors of society.

Local innovation support

MIC, B-Hive and Co.Station are our three main innovation partnerships, but we also support ad hoc initiatives to foster agility and speed in innovation.

Going forward, we will continue advancing on the road of open innovation.

Innovations addressing societal challenges

In our in-house innovation center, we transform technologies such as IoT, Cloud or Big Data into impactful solutions for smart homes and buildings, smart retail, smart logistics, smart energy, smart mobility, smart industries, smart

cities, etc. Think of a digital future in which Belgium leads the way!

Proximus is Belgium's leading connectivity provider with more than 1.3 million connections over our different networks within the Internet of Things (IoT) ecosystem. We have secured this position by providing the best technology for each use case and by creating an ecosystem of more than 250 solution providers who combine our assets with their specific solutions thus covering every industry.

Our ambition is to be the partner of choice for enterprises, guiding them in their digital transformation and co-creating smart solutions together. We aim to show that every small change to digital can lead to higher value creation. Some examples:

Smart Industry

To become more efficient, *Bombardier* had to optimize the movement of materials between sites across Europe. This is now possible thanks to a smart solution connecting racks in each location.

Smart Utilities

To enable new digitally-driven services, *Fluvius* will connect more than 800,000 gas and electricity meters in Flanders in the coming five years using our IoT networks.

Smart Retail

Using Proximus Analytics, shopping malls collect data on attendance and location attractiveness.

Smart Logistics

Some of our logistics sites are managed in collaboration with *H.Essers*. On those sites, we need real-time positioning (within a precision range of 1m) of our trailers to optimize yard management processes. By connecting each trailer to the parking spot, *H.Essers* managed to increase visibility, eliminate useless search time and optimize onsite routing.

Smart Buildings

Smart Building solutions offer tremendous opportunities in terms of energy efficiency, waste management and occupancy. In this area, we collaborate with *Besix* to embed intelligence into new buildings in domains

such as hospitality, workspace optimization, energy and floor efficiency and safety and security.

We collaborated with IPARC (International Platform for Art Research & Conservation, SME of the year in 2018) on the integration of new technologies in art conservation. The IoT solution we developed, Smart Care, monitors the environmental conditions of artworks.

In 2018, we also started developing a solution stack to support smart venues to offer a more complete customer experience. A first example is the renovation of the entire Tour & Taxis site in Brussels, with event halls, offices, living units, shopping zones, and more, integrated into one customer journey.

Smart Energy

In partnership with GoodPlanet Belgium we use LoRA sensors in schools to poll the behaviour of children and raise awareness in relation to sustainability. In 2018 we visited the first 15 schools. Secondly, we encourage schools to start to upload consumption data regarding electricity, gas, fuel, transport,

Students are standing up for the climate and make their voice heard. With our partner GoodPlanet Belgium we track consumption patterns in schools with our IoT sensors and raise awareness on sustainability



waste, etc. The schools can check the evolution and compare consumption patterns with other schools.

With GoodPlanet, we have set goals to reach and install our sensors in more than 400 schools in 2019.

Smart Cities

In 2018, we refined our strategy for smart cities, as vital contributors to a better quality of life for Belgian citizens. Via our affiliate Be-Mobile, we tackle traffic congestion and parking challenges. In recent years, we have also delivered ANPR surveillance cameras to many cities. In the future, our ambition is to engage directly with citizens to co-design their city, in collaboration with city administrations. We are already doing this in Louvain-La-Neuve at the Living Live Lab and in Antwerp with IMEC in the City of Things project. These initiatives allow local citizens to connect with city officials to voice their needs, address traffic congestion, security and waste management.

Smart mobility

Mobility is an important driver in the economic, environmental and overall well-being evolution of a country. There is still plenty of room for improvement in Belgium and neighboring countries. Our affiliate Be-Mobile, one of the leading Smart Mobility companies, is already facilitating this. A key element of Be-Mobile's solutions is creating ecosystems that connect all stakeholders such as commuters, governments, road operators, automotive and fleet owners.

In 2018, Be-Mobile tested and implemented C-ITS solutions to influence traffic lights based on traffic conditions and to inform drivers and road operators of approaching vehicles such as ambulances to improve road safety. Additionally, Be-Mobile was able to enlarge the coverage of its mobile mobility payment solution to 58 cities and communes, facilitating payments for parking or public transport. Furthermore, Be-Mobile developed an inter-modal route planner for the city of Antwerp to encourage a modal shift by

helping commuters optimize their journeys. Finally, Be-Mobile grew its heavy vehicle road user charging or tolling business and is helping policy makers to analyze a Belgian road user charging solution for passenger cars, which is believed to be a crucial step towards effective mobility management and achieving a better balance between mobility capacity and demand.

Be-Mobile also grew its business internationally by acquiring Mediamobile in 2018. Mediamobile specializes in providing real-time traffic information for the navigation systems used in cars. This

acquisition strengthens Be-Mobile's position in the automotive industry and increases the coverage of its traffic management services in France, Germany, the Nordics and Poland, where Mediamobile is active today.

Digital trust

Material Topic*: **7**

Today's digital world offers many opportunities but also new types of threat. Trust is a prerequisite for people and companies to embrace the many

opportunities of digital and enable the digital future. As a leading digital company, we are actively involved in driving digital awareness initiatives.

Cybersecurity is at the core of our business. We continuously develop solutions to anticipate possible threats and make sure our infrastructure and processes are more secure. We give our customers the means to protect themselves and educate our stakeholders on the value and how-to of cybersecurity through training and partnerships.

As a major ICT player, we handle huge quantities of personal data and we ensure its privacy, confidentiality and security. We apply strict policies, make significant investments in the training of all employees and lead by example when it comes to data safety.

Cyber safe

We place cybersecurity at the core of our business: we make important investments to secure our infrastructure and protect it against attacks. We also offer our clients solutions to protect themselves and continuously train our employees, so they are up-to-date with the latest security practices.

Within our company

We aim to be the frontrunner in how we protect and transform our company in the face of today's and tomorrow's cyber challenges. We see cybersecurity as an enabler of digital transformation. Over the last four years, Proximus has invested €43 million in our Corporate Cyber Security Program with the aim of making our company more cyber resilient and to offer best-in-class secured services and networks to our customers.

Our corporate Cyber Security Incident Response Team (CSIRT¹) continuously monitors security alerts and coordinates the response to cyber threats. In 2018, our CSIRT handled 2,087 incidents (versus 2,204 in 2017). No incident had a major business impact. Proximus CSIRT is internationally recognized as the only certified team in Belgium through the Trusted Introducer and is part of the European platform ETIS and global community FIRST. In 2017, Proximus successfully overcame the global cyberattacks WannaCry and NotPetya thanks to the prevention measures and the fast detection and response.

We are the proud holder of ISO certifications in data security and privacy. To date, we have five ISO 27001 certifications, covering our data centers (housing and hosting), our Security Operations Center, the enterprise Explore network and "Work Place As-a-Service" solutions.

¹ The Proximus CSIRT is the central incident response team of the Proximus Group. Its mission is to provide information and assistance to reduce the risks of cybersecurity incidents as well as respond effectively to such incidents when they occur.

In 2019 and beyond, we want to raise cybersecurity efforts to an even higher level. We will continue investing in our Cyber Security Corporate Program over the next three years, further strengthening our capabilities and sustaining our ISO 27001 and Trusted Introducer certifications.

For our customers

We offer our customers best-in-class security solutions and expertise. Our partnership with Norton offers residential customers a multi-device security solution at a reduced price. We supply a vast range of security services to companies: analysis and diagnostics, monitoring and surveillance, reporting and interventions.

In addition, we offer solutions to protect companies' data, networks and servers.

Our Security Operations Center monitors more than 2,000 million events daily, alerting customers in case of incidents. This number is increasing because the number of events and customers keep growing. Since 2016, we have been offering "CSIRT as-a-service", leveraging our internal expertise to help our

KPI	Result 2018	Result 2017
International certifications related to privacy and cybersecurity	6	6

*Materiality Matrix p. 27



Our Security Operations Center
monitors more than 2,000 million events daily, alerting customers in case of incidents

customers solve incidents. Privileged account management, controlling access to IT systems and data are becoming crucial given the rise in cloud applications and privacy regulations. We also successfully launched this solution internally and with key enterprise customers in 2018.

Our affiliate, Telindus Luxembourg, is an expert in cybersecurity. Telindus Luxembourg completed its existing range of cybersecurity services with a Cyber Security & Intelligence Operation Center (CSIOC) for the detection

and management of cyber incidents. In recognition of its multi-domain expertise and determination to innovate, Telindus received the award for Best Security Partner of the year 2018 at IT One in Luxembourg.

In 2019, we will further expand our cybersecurity solutions for the professional market. Our ambition for the coming three years is to maintain leadership and grow at market pace. Recently acquired companies Davinsi Labs, Umbrio and ION-IP will help us achieve this.

For everyone

We are one of the partners behind BE-Alert, a 24/7 public warning system for the Belgian authorities. BE-Alert can broadcast news and information in the event of a crisis via SMS, fixed voice, email and social media.

With threats coming from many different places in this globalized digital world, we continued our engagement with NATO's Cyber Defense teams in 2018 and also participated in working groups with international law enforcement agencies to get first-hand information on the modus operandi of cyber criminals. Additionally, we are actively exchanging information about observed threats and attacks on a national and European level via the ETIS platform.

In 2019, we will continue expanding our collaboration network through active participation in the Cyber Security Coalition and its operational focus groups, through close collaboration with the Center for Cyber Security Belgium (CCB), with other European telecom operators via the ETIS platform, with global companies through the World Economic Forum's Center for Cybersecurity,

with the European Cybercrime Center of Europol and finally through new and existing partnerships, such as with NATO.

Cybersecurity education

For Belgium to become a digital leader, citizens need to have trust in digital. We want people to enjoy the online world and know how to behave safely when using it. We help them by sharing our security knowledge and educating them on the value and how-to of cybersecurity.

Educating our employees

Keeping the cyber environment safe starts from the inside, which is why we continuously educate our employees on responsible behavior to protect company information and customer data.

Each year we organize a Security Week for our employees. In addition, we organize dedicated training, awareness sessions and phishing exercises. In 2018, we tested 27,743 employees and contractors of the Proximus Group through two "real-life" phishing campaigns, which were inspired by real incidents. In addition, we gave them advice on how to detect such suspicious

On Safer Internet day,

Proximus employees together with Child Focus educate close to 11,000 kids every year on using the internet safely

e-mails. Furthermore, we launched two educational videos on the topics of phishing and information classification.

The 2018 Security Week, organized for the fifth consecutive year, reached 1,237 employees and offered a vast awareness program including new digital ways of working, physical security, privacy and GDPR, our customer security solutions, phishing detection and prevention, and child safety online in collaboration with Child Focus. For the first time in 2018, we organized an internal “capture the flag” contest - an online game where employees could test their cyber skills through hands-on exercises.

During Cyber Security Month in October, we transposed the national awareness campaign about cyber hygiene “boost your digital health” to our employees. Articles on our intranet reached no fewer than 4,590 readers.

We also want to offer employees the opportunity to develop careers in cybersecurity through an extensive one-year training course on cybersecurity, after which

participants are cyber experts and receive the necessary certificates to start a new job in this field. In 2018, 15 employees followed this training. The training will be organized again in 2019.

Educating the business world & society

We also educate and raise awareness among companies, organizations and the general public.

For our customers

We organize the biannual Proximus Cyber Security Convention, where we bring customers up to speed on the latest trends. Our Proximus Corporate University (PCU) also provided security education programs for customers in 2018, including Network Security Explored, Hacking and Intrusion Detection, HEXID Assault, Wireshark, Davinsi Labs, Blockchain and Security Awareness, reaching 75 companies (47 from the public sector).

For Belgian citizens

We are a founder and steering member of the national Cyber Security Coalition,

a non-profit organization aiming to raise cybersecurity capabilities in Belgium through experience sharing, awareness raising, policy recommendations and cross-sector operational collaboration.

In 2018, five one-day information and networking events were organized around secure application development, regulatory frameworks such as the European Directive “Network and Information Security” and GDPR, cloud security, cyber talent and innovation. In addition to awareness raising, privacy, NIS and CSIRT-SOC focus groups, three new operational focus groups addressing cloud security, cryptography and enterprise security architecture were launched in 2018.

We have a specific project aimed at primary school children. Twice a year - in February on the International Safer Internet Day and in October during the Safer Internet Day - our employees (trained by our partner Child Focus) educate children on how to use the Internet safely (10,259 children in 212 schools in 2018, vs 11,330 children in 229 schools in 2017). In 2018, Child Focus reviewed its

pedagogical approach in order to improve the impact of the program in coming years. Drawing from the real-life experiences of the children, the latter will discover in workshops how to behave when surfing on the internet and interacting on social media.

In 2018, Proximus handled 72 requests from law enforcement authorities to block access to websites. Proximus is also constantly looking for new ways to prevent child pornography on its hosting infrastructure. In order to protect our customers from fraud, like phishing via fake Proximus websites, the Proximus CSIRT is closely monitoring any attempts to attack our customers – and is usually able to take down phishing websites in a matter of hours after the attacks were launched.

To reach undergraduates, in 2018 we organized for the second consecutive year a full-day “capture the flag” contest for 33 students following the new cross-university master’s in cybersecurity (regrouping the ULB, UCL, U-Namur and the Royal Military School). We also welcomed students from HOWEST during our Security Week.



Finally, we believe in lifelong learning, we collaborate with CyberWayFinder, offering women who want to change career paths the opportunity to join the cybersecurity world. Through this collaboration, we offer on-the-job work experience in addition to the training they receive via the association. In 2018, we welcomed two women trainees in our cybersecurity teams. Although small, this type of initiative contributes to reskilling employees and job seekers to be ready for the jobs of tomorrow.

In 2019, we want to extend the reach of our training programs and learning partnerships. For example, by extending our “capture the flag” business game to new schools and universities. Finally, via our Safer Internet Day, we want to reach 10,000 students in the coming year.

Ensuring data privacy

As a major ICT player, we are responsible for keeping our customers’ data safe and private. We have developed a privacy control framework to ensure personal data is processed in accordance with legislation and with the highest-grade security. The framework contains policies and

procedures but also training and awareness initiatives.

We have also put in place infrastructure that spots data breaches to keep our network secure. Because we want to make sure data stays safe, always.

To ensure all our employees are aware of EU and Belgian privacy legislation, we organized dedicated GDPR training, reaching 93% of our workforce in 2018.

In 2018, Proximus continued its GDPR implementation project started in 2017. Our objective was to ensure compliance with GDPR without disruptions to Proximus data flow and business operations. More than 150 persons were directly involved in the project and approximately 500 others were involved in surveys, questionnaires, assessments, etc.

Being committed to protect personal data and privacy, we took a series of actions such as appointing a Data Protection Officer (DPO), developing a structure for consent management, security screening and corrective measures for our IT applications.

GDPR trainings reached
93% of Proximus workforce
and a privacy control framework was installed

We also implemented a Privacy Control Framework to provide assurance on the fact that personal data is managed as intended, is accurate, is protected by default and by design and that our organization is compliant with applicable laws and regulations and able to demonstrate this.

GDPR implementation will remain on the agenda for 2019. We aim to optimize our internal processes to allow an efficient privacy by design/default approach. Proximus will further extend the privacy settings within the MyProximus app and website to allow our customers to efficiently choose how Proximus can use their personal data.



Caring for our stakeholders



Caring for our stakeholders

Our corporate culture and values define how we work. Proximus is imagining a future that will be positive for everyone. Our focus is not only on what we do, but how we do it. How we engage with people. How we conduct business.

Our customers are at the center of everything we do. In an increasingly digital world, we want to remain relevant to them by offering new digital solutions and great experiences that are personalized and authentic. We want our customers to feel confident and able to rely on an expert digital provider.

We conduct our business ethically and with integrity. We live by our values and governance principles when engaging with our customers, suppliers, employees and other stakeholders.

We also care about the people who work with us. We empower them to have an impact, to innovate, to grow and to live meaningful lives. We show our commitment to them by offering them an inclusive, safe and inspiring workplace that respects them as individuals.



Customer first

Material Topics*: 21 14 22 17

Our goal is to always provide a good customer experience thanks to a seamless digital customer journey.

We invest time and effort in getting to know our customers and making our appreciation of them felt at every customer touchpoint.

Being a Proximus customer means enjoying peace of mind because our products are

secure and comply with strict health and safety standards. We conduct marketing responsibly and respectfully and nurture a transparent relationship with our customers.

And to ensure our products and services meet our customers' demands and expectations, we have introduced structural initiatives to engage with them and gather feedback, including co-creation, design thinking, forums, and more.

KPI	Result 2018	Result 2017
Decrease in complaints related to invoices (residential customers)	-14.1% vs 17	-
Blended usage satisfaction for residential customers	94.6%	93.7%
Happy House in-home experience satisfaction rate	89%	90%
# complaints from JEP (# of which justified)	7 (2)	5 (0)

*Materiality Matrix p. 27

Listening to our customers

To make our customers' lives better, we need continuous feedback on what they want or need. That's why we put our customers at the center when we develop new products and services.

We capture and centrally store customer feedback and enrich it with technical and operational data. This allows us to achieve a 360° customer view and to tailor interactions and areas for structural improvement.

To expand our product portfolio, we use an outside-in approach, starting from customer needs both in the residential and professional markets. Besides our regular sales channels, we use multiple forums to connect with our customers, including design thinking sessions during which we co-create together and Voice of the Customer meetings to collect customer feedback.

In 2018, we launched our new offer Epic. Proximus Epic is designed with and for millennials. Using design thinking methodologies, we co-created the product with 11 millennials for six months and tested it via our millennial test panel.

Customer experience

Giving our customers a good experience tops our agenda. We want to meet their expectations, from the very first contact.

We want to allow our customers to enjoy a digitalized, personalized and seamless experience. Customer experience starts from the first moment someone contacts us. It continues through every subsequent interaction, whether via our digital or live channels. To help us achieve this, in 2018, we developed a 360° customer view for all our sales agents. When a customer reaches out, our agents can directly see all their interactions with Proximus and provide them with the right answers.

A multi-disciplined High Care team with commercial and technical expertise has also been set up in order to better assist customers facing complex issues.

In 2018, we successfully completed more than 40 improvements, including automatically informing a customer of an outage, its expected resolution time and when the service is restored. We also fully digitalized

Epic, our new offer designed

for and co-created with Millennials

the journey for residential customers moving house.

We introduced our chatbots, like Titus who answers questions when consumers are browsing our website looking for information.

Because digital can sometimes be complex, we continued our "Smart Café" initiative through which we offer free training on digital tools, open to all Small Enterprises (SE), both customers and non-customers. In 2018, we trained 183 participants in the SE market at our points-of-sale in 17 cities and another 1,056 during a digital roadshow. In 2019, we will continue this initiative.

We care about how our customers experience Proximus. After installing new services/

products for new customers, we call them to find out if everything went well and to check whether they have any additional questions about their products.

With our Happy House visits we try to give our customers the best in-home experience possible. During these visits, all Internet and Wi-Fi connections are checked and secured, and modems and decoders are replaced when necessary. In 2018, we visited another 40,000 homes (61,000 in 2017) and achieved an 89% satisfaction rate (vs 90% in 2017). To further improve our in-home experience, we launched a new Home Optimizer app in May 2018. This app allows customers to analyze Wi-Fi quality, after which they can configure the most optimal Wi-Fi channel on their modems at the touch of a button. The app





Particular attention goes to responsible marketing practices. We offer parental control solutions, solutions to protect from bill shocks and focus on safety and safe use of products

also gives information on Wi-Fi signal strength and if required, advises on the best position for Wi-Fi extenders. Within seven months, the new app was downloaded by more than 36,500 users and has already been used more than 573,000 times.

We also developed a new Mobile Coverage Extender solution to improve the mobile coverage at home using fixed Internet and

another solution using mobile coverage with a 4G modem to improve internet at home.

In 2019, we aim to develop further improvements to our customers' in-home experience via a layered approach to deliver a more efficient and fluent Wi-Fi performance.

With the Free Smartphone Replacement, we offer our customers a smartphone free

of charge for one month in the event of their phone being broken, lost or stolen.

Finally, to reward customers who choose Proximus as their digital service provider, we organize Proximus Customer Days. In 2018, in the framework of our Premium Club loyalty program, we also offered our customers the possibility to use their loyalty points to make a donation to the Foundation Against Cancer and UNICEF. This resulted in €173,738 and €217,938 donations respectively. .

Customer safety and peace of mind

Being a Proximus customer means peace of mind. Our devices follow the strictest health and safety guidelines in terms of emissions and electromagnetic fields, our services are reliable, and we communicate honestly and transparently.

Responsible marketing

We pay particular attention to **responsible marketing practices** and comply with the

rules prohibiting advertising the use of mobile phones to children under 7.

We received 7 complaints from the Jury of Ethical Practices, of which 2 were justified and corrective measures taken.

We also offer **solutions to parents** such as parental control on TV and smartphones to protect children from non-adapted programs and provide lots of tips on our website to parents on how to protect their children online.

We want to **protect customers from bill shocks** and offer solutions such as the product Mobilus Full Control, which ensures post-paid customers respect their budgets. Furthermore, for all our mobile post-paid customers, to avoid any risk of a bill shock in case of out-of-bundle use, we give real-time info on their usage in our MyProximus app. We also have in place a system where automatic text messages are sent to warn customers of their consumption when they are approaching their

limit. And we inform them of the possibility to buy additional one-shot data bundles. For 2019, we will continue to proactively contact customers who have regular out-of- bundle usage to suggest more adapted offers and prevent bill shocks.

Safety of our products & services

Caring for safe use of our products and services means recognizing our responsibility regarding exposure to electromagnetic waves, a societal concern. We comply with the legislation in force, both for networks and for devices, monitor developments in scientific research and provide information.

Proximus has also been displaying the SAR (Specific Absorption Rate) of each device in all sales channels since 2008, while this only became legally required in 2014.

Finally, on our website, we offer very useful information to our customers on how they can mitigate the potential risks of radiation such as in their own homes. For example, we offer b-box set-up which turns it off at night. We also give tips on reducing exposure from mobile phones on our website and in our shops.

Caring for our employees

Material Topics*: **9** **8**

We need the help and commitment of all employees to make the digital future happen. We offer them the chance to bring about positive change, to develop themselves, make a difference, contribute to our results and be our best ambassadors.

We show our commitment to our people by making Proximus a great place to work: a safe, inspiring and inclusive workplace of the future with equal opportunities, offering continuous training to ensure a long and fulfilling career with us, and the opportunity for each individual to balance their personal and professional lives in the right way for them.

KPI	Result 2018	Result 2017
Percentage of Proximus employees using Office365 OneDrive	79%	37%
Proportion of Proximus employees actively looking for knowledge or people by using our enterprise social network (#WAP)	96%	93%
Employee engagement ¹	72.7%	72.3%
Frequency rate of occupational accidents ²	6.8	6.6
Severity rate of occupation accidents ³	0.28	0.36

- 1 Average result of the employee engagement survey (SpeakUp), measuring the engagement, agility and strategic alignment of the Proximus employees
- 2 Frequency rate (Fg) = # occupational accidents x 1000000/ total number of hours worked by company employees
- 3 Severity rate (Eg) = # lost days due to occupational accidents x 1000/ total number of hours worked by company employees

*Materiality Matrix p. 27

As diverse as society around us

As a truly Belgian company, we want our workforce to reflect all the different communities in society.

At Proximus, we do not tolerate discrimination. Our people enjoy equal opportunities, regardless of gender, religion, ethnicity, background and any other characteristics unrelated to their abilities.

We subscribe a Charter on diversity and equal rights, which applies to all employees of the Proximus Group. (More in the Remuneration report)

Gender inclusion

Proximus strongly believes in the importance of diversity at all levels of the organization.

This is also reflected in the female representation at the different levels of our company:

- 43% of the Board of Directors
- 25% of the Executive Committee
- 21% of the members of the Leadership Team
- 31% of entire employees' population

In 2018, out of 22 moves and new hires in the leadership team, we hired/promoted 11 women (50%, compared to 29.6% last year). The Proximus Group also has a very diverse workforce in terms of culture with 58 nationalities.

Proximus supports internal and external diversity network activities and initiatives such as the AfroPean network (APN) and WinC (women network). In 2018, Dr. Herminia Ibarra (Professor at the London Business School) came to talk to the leaders of Proximus on Woman Leadership. Proximus ensures ad hoc presence to external events such as “Yes she can” in order to encourage young girls to opt for engineering studies and a technical career. Our CEO is also ambassador of the initiative “She loves to code” from 19 coding school. Finally, the European Round Table of Industrialists (ERT) launched the #EmbraceDifference campaign in 2018, through which more than 50 business leaders, of Europe’s largest companies, including our CEO, signed a pledge to promote diversity and inclusion in the workplace. Proximus also subscribed to the DigitalForHer declaration, an initiative of Commissioner Gabriel.

As a major ICT employer in Belgium, we understand the importance of gender diversity. Today, about 14% of the staff in our Technological department are women, and we hired 26 women in 2018. In ICT specifically, about 20% of our employees are female, representing about 130 FTEs. In our Security, Governance & Investigations division, 33% of employees are female.

Generational inclusion

With people having to work longer, we also focus on generational diversity. Priorities may shift towards the end of a career and some jobs may become too physical. We put in place specific initiatives for workers aged 55+ employed in strenuous physical jobs. For example, we allow them to be retrained, so they can move to another job or offer reduced work schedules.

Finally, we launched the initiative Experience@Work in collaboration with KBC, AXA and HazelHeartwood. The main aim with this objective is to allow people to work longer. Senior employees (from the age of 55 until retirement age) can share their experience with other organizations, while



A diverse cultural workforce with 58 nationalities

We believe in the power of gender diversity

In 2018, 50% of new hires or promotions in the leadership team were women

Generational inclusion

We further developed our Experience@Work initiative to allow people to work longer and share their experience outside Proximus

keeping in touch with their current employer and without any changes to their contract or salary package. Meanwhile, 17 employers now offer this opportunity to their senior employees and 10 Proximus employees participated in 2018.

To further drive diversity and inclusion in our workplace in the following years, we developed an action plan around 3 axes:

- **Gender:** Proximus is committed to gender equity and we are in the top 200 of the most women-friendly companies worldwide. In the scope of our plan, we intend to take part in studies and events related to this subject. We will also collaborate with external organizations such as Center for Balanced Leadership, Women on Board, etc. In 2019, an event on women in digital will be organized in collaboration with JUMP¹.

1 JUMP Resources is the knowledge center for Gender Equality at work, with studies, toolboxes and corporate practices on gender equality.

- **Generations:** From experienced employees to new graduates, we embrace the strengths and perspectives of different generations. We believe each generation brings valuable insights and perspectives to the workplace and encourage collaboration of ideas. We will thus take actions regarding end-of-career management for those aged 55+, millennials and the multigenerational workplace, and unconscious biases in performance management, recruitment and training.
- **Communication:** Proximus welcomes employees from around the world, promoting a culture of great ethnic and cultural diversity. In 2019, we want to make sure all employees can draw from the benefits of a diverse workplace through various initiatives within our offices (Talent in Action, FeelGreat@Proximus, an internal blog on diversity, etc.). To ensure an inclusion mindset, we aim for all of our training tracks for team leaders, experts and trainees, and all of

our welcome days for new hires to contain information on our inclusion program.

An inspiring workplace of the future

As a provider of digital services, a 'digital first' mind-set must be the new normal, enabled by the right digital tools.

Empowered organization

In the scope of our Good to Gold culture, we have been working for several years on giving teams more empowerment. In 2018, we accelerated this initiative, as autonomy will empower employees to create more value for our customers.

We are working more and more in transversal and multidisciplinary teams, also upscaling capabilities of employees in methodologies like Agile and Design Thinking. All this leads to increased accountability and faster delivery of the right products and services.

In 2019 we will go for even more empowerment, among other things by

defining and implementing the best ways of working for all activities throughout Proximus.

Digital tools

We promote smarter working, by collaborating digitally and cross-functionally on any device with Office 365.

The adoption of O365 OneDrive supporting co-creation of documents in 2018 grew from 39% to 79% year over year and 3500 employees followed our digital journey training track on our new way of working.

In 2019, we will continue to invest to fully leverage the collaboration potential. We will build towards the ability for co-creation with external parties (partners, customers, suppliers). We will also continue to invest in employee experience tools.

Collaborative workplace

We piloted a new working environment that enables collaboration yet recognizes specific needs by integrating quiet or co-creation zones. Creating a variety of workspaces is



Over the next three years, Proximus will double its training effort to support employees in the digital transformation

based on employee feedback. In 2018, we remodeled 35 floors and equipped 65 meeting rooms with easy-to-use videoconference technology, multiplying videoconferencing by a factor of 20 compared to 2017.

We continue investing in an inspiring workplace and plan to remodel an additional 12 office floors in 2019, while further deploying state-of-the-art meeting room equipment in regional offices, such as facilitating

videoconferencing solutions to strengthen collaboration between different premises.

Always-on learning

Our employees don't face the digital transformation alone. Different learning channels will boost the use of our digital tools, with basic digital literacy training for most employees and in-depth digital skill tracks for focused communities in data, marketing and security.

In 2018, we invested €24 million to reskill and upskill our employees. Over 95% of our population followed formal training covering over 270,000 hours (20.6 hours per employee on average). These trainings were given in all sorts of areas, whether it be languages, soft skills, creative skills or hard skills.

Culture

We also strengthen our leadership competences. In 2018, we organized over 90 reverse mentoring sessions where younger colleagues trained the leadership teams on the digital tools, which they can then advocate to their employees.

Internal mobility

At Proximus, we try to instigate a more agile culture. This involves offering internal mobility, as we want to ensure all our employees keep learning and doing a job they love. In 2018, 725 employees changed jobs internally.

To promote internal mobility, we further scaled up NewTone, a program through which employees and teams can recruit colleagues

internally to work for a limited time (at a rate of defined hours per week) on a specific project.

Being our best selves at work

Proximus strives to create a positive work environment where people feel good and recognized, where working conditions are adapted to personal needs, where employees are resilient, engaged and actively contributing to realize our business strategy.

Work-life & Social Unit

At Proximus, a team of social consultants accompanying employees in different domains of psychosocial wellbeing at work constitutes our Work-life & Social Unit (WLU). This unit also offers our employees services such as childcare during the school holidays (summer and spring holidays). In 2018, 315 employees benefited from these services. It also organizes a Fun Day and a Kids Party for all our employees and their families each year. In 2018, 7,977 employees participated.

Our Affinity program offers all employees exclusive reductions on different products

**In 2018,
7,020 employees**

**benefited from
homeworking, with an
average of 4.2 days per
month**



and services. In 2018, 57% of our employees made use of the Affinity program.

FeelGreat@Proximus

Launched in 2017, this corporate program aims to proactively support employees on improving their resilience. Through lectures, workshops, information stands, brochures, exercises and communication campaigns, we raise awareness among our employees on mental, physical and relational resilience.

In 2018, we focused on mental resilience by working on focus and concentration, positive thinking, how to identify and use your talents to increase your energy. A toolbox was developed to work in teams on appreciation, trust, autonomy and connection. In the context of the anti-stress moment for the employees of the contact centers, 367 employees signed up for a noon walk and 195 for a creative workshop.

A second part of the program are our proactive psychosocial risk analyses. In 2018, we conducted 6 analyses, covering 1,191 employees (an 18% increase over 2017).

Finally, Proximus makes considerable efforts to enable its employees to reconcile their professional and private lives as harmoniously as possible. Reducing the daily travel time between work and home, saves time and reduces stress for our employees, and reduces the environmental impact. Proximus offers its employees the possibility of teleworking in satellite offices specially equipped for this purpose or of working from home.

In 2018, 7,020 employees (vs 6,400 in 2017) benefited from homeworking, with an average of 4.2 days per month (vs 3.1 in 2017).

In 2019, we will focus on resilience and managing change.

A safe & healthy work environment

We have many different job profiles at Proximus: office jobs, customer service jobs, field technicians, developers, etc. Regardless of their role, we ensure that every employee is able to work in a safe and healthy way.

We have implemented additional measures, beyond the legal requirements, to protect and promote the physical and mental well-being of our employees.

At Proximus, we have a department for Prevention and Protection (CPP), the driving force behind Proximus' well-being-related activities. It defines a common well-being policy (definition of objectives) and gives opinions on all problems concerning wellbeing. All products, goods and services at Proximus need to meet the standards with regards to well-being at work.

Our Prevention & Well-being Committee is a permanent working group with representatives from management, the

unions, the CPP department and occupational physicians. It deals with the elaboration and follow-up of the global prevention and protection plan and handles aspects such as personal protective equipment given to technicians, fire safety measures to protect workers, the protection of employees' health in the workplace (such as a smoking ban, health supervision, etc.), the adaptation of workplaces, the evaluation and resolution of psychological risks and issues, etc. We also have local prevention & well-being committees with representatives from local management, unions, the prevention department and local occupational physicians. In these committees all accidents at work, local prevention matters, respect of safety instructions, etc. are discussed.

There are national formal agreements with trade unions that cover all health and safety topics. In 2018, we had approximately 88 committees.

Our well-being at work policy provides an overview of the applicable legislation and

sets out the different areas of the Well-being Act. In terms of safety, it aims to prevent accidents at work. It deals with aspects from personal protective equipment given to technicians to the fire safety training of staff in our office buildings. In this policy, we also define the protection of employees'

health in the workplace (such as a smoking ban, health supervision, etc.), occupational hygiene (insurance to have good social facilities), the adaptation of workplaces, the evaluation and resolution of psychological risks and issues, etc.

Each year, we set a theme to reduce work-related accidents. In 2018, we communicated strongly on the topic of "road safety" through different initiatives such as an e-learning about road safety, a road safety quiz and two sessions on bicycle safety awareness. In terms of work-related accidents, we observed a stable frequency rate compared to last year.

We have an occupational medical surveillance program for our workers exposed to risks. In 2018, 4,823 examinations were conducted by our external medical service.

In 2018, we developed a Global Prevention Plan for the next five years, based on our well-being policy and on risk management, with the application of the following principles: construction of a prevention and protection risk management approach, execution of the management approach, evaluation and

adaptation. This management approach is put in place by conducting a risk analysis, taking the necessary prevention and protection measures reducing work-related accidents, communicating safety instructions to employees, and following the VCO/VCA (safety management systems for parties commissioning the works and for contractors) rules for operational departments. We also conducted a risk analysis of the new Digital workplace (the new way of working at Proximus based on the use of various digital tools, e.g. tablets, smartphones, laptop computers used as a (digital) telephone), a risk analysis of our new telecom equipment, a psychosocial analysis of different work posts, and a fire safety analysis of different workplaces and installations. In addition, we delivered new supplementary work clothing for certain divisions, new safe utility cars, vans and trucks, and held a safety quiz via e-learning for our employees working in shops. With those actions, we reached almost all our field force employees.

Over the next four years, we intend to continue to implement the VCA/VCO policies. We will also analyze the risks of our new (digital)



Our FeelGreat@ Proximus initiative

was recognized in the 'Good Work, Good Health II Guidelines' of UNI Europa (European trade union federation)

working equipment and telecom installations and determine appropriate prevention and protection measures.

Doing business right

Material Topic*: **5**

Compliance and business ethics are our license to operate. We expect all our

employees and affiliates to share and live by our values and standards.

We will never compromise on how we do business because this defines the vital role we play in society. We constantly review our principles, policies and procedures and even go beyond what is required or expected. This guarantees that our governance and ethics reflect not only legal but also societal expectations.

KPI	Result 2018	Result 2017
Number of cases investigated by the Investigations department for violation of policies/code of conduct	29	52
Number of whistleblowing cases	7	7

At Proximus, we don't want to be put at the center of ethical dilemmas and we put the right measures in place to ensure our business is conducted the right way. This first means having a clear governance model, which is described in our governance section and follows the Law of 21 March 1991 on the

reform of certain autonomous economic public companies ("the 1991 Law").

Because business is personal for us, we not only follow the law but want to ensure every one of our employees is aware of the behaviors to follow and avoid. Therefore,

Proximus adopted its new Code of Conduct in 2016, applicable to all employees. So far, 93% of Proximus employees have followed mandatory training on the application of the principles of the Code of Conduct. On top of this, we have various internal policies.

We have anti-corruption/bribery, conflict of interest and competition policies. Corruption is a threat to business and society in general. In addition to unfair competition it can lead to undesirable consequences for the individual such as blackmail or imprisonment. Our anti-corruption procedures are not only a legal obligation and an ethical duty: as a responsible company we take a firm stand against corruption. Proximus applies a practice of zero tolerance.

Also, conflicts of interests involve personal considerations and can affect judgment, and ultimately decisions. They should be avoided whenever possible.

Fair and open competition between companies, and doing business on a level playing field is important to society in general 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. These policies are all described, along with the responsibilities they engage for our employees, in our Code of Conduct. Firm sanctions and procedures (e.g. whistleblowing procedures) are in place to deal with cases that occur. In 2018, we handled seven whistleblowing cases.

Finally, respecting human rights is a fundamental value for us. 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 (which every employee is required to know), values and behaviors 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.

Proximus is committed to creating working conditions which promote fair employment practices and where ethical conduct is

*Materiality Matrix p. 27

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. End January 2018 the Collective Agreement 2017-2018 has been approved by the 'comité paritaire'. This Collective agreement contains sections with different measures; generic, well-being, employment, quantitative and non-actives. Next to this, a series of around 10 measures have been agreed upon. We will not contract child labor or any form of forced or compulsory labor as defined by ILO fundamental conventions. Moreover, we are opposed to discriminatory practices and do our utmost to promote equality and diversity in all employment practices.

In terms of our supply chain, we hold ourselves to high social and environmental standards, which are described in the section Sustainable supply chain.

Going forward, we will keep focus on our code of conduct training, to ensure all employees know the procedures to follow. We will continue to hold those we do business with to the highest ethical standard.

Starting in 2019, an increased focus will be given to compliance and resilience as a strategic objective in our #ShifttoDigital strategy. The new digital society goes with new types of responsibilities for a company like Proximus. Next to increased focus on cyber safety, data privacy and protection, a key initiative is dedicated to protecting our critical infrastructure, ensuring network resilience and crisis preparedness.



Contributing to society



Contributing to society

We help design the future of our country by facilitating its digital evolution. Together with many others, we are building a **digital society not just for the happy few, but for all Belgians**, no matter their level of digital understanding, physical ability, age or background.

We invest in education and want to help tackle the enormous reskilling challenge the Belgian workforce is facing in the years to come. Ensuring employability and filling the digital jobs of the future is a priority and will determine the success of our digital economy.

We want to contribute to social initiatives in Belgium, and give back to the community we operate in. We also strongly invest in the Belgian media landscape and local culture.



Digital for all

Material Topic*: **2**

We strongly believe that everyone should have access to the digital world, regardless of physical abilities, economic background, cultural origin, education or age. Proximus is committed to making digital technologies also accessible to

people with disabilities, people who are less well-off and the elderly, wherever they live.

And as a leading ICT employer in Belgium, we want to help new generations gain the technology skills and knowledge they need to flourish in the digital economy of the future.

KPI	Result 2018	Result 2017
Percentage of accessible tested devices (at least for 1 disability category)	91%	100%
Number of job seekers supported by our initiatives in Belgium	404	327
Number of sick children connected to their school by Bednet and Take Off	> 1,000	> 800

*Materiality Matrix p. 27



Our low-cost brand Scarlet offers the benefits of our high quality network to people who don't need the frills of a premium offer

Accessibility to all, everywhere

We continuously work on making our products, services, shops and applications accessible for disabled or visually impaired people.

We have also developed a low-cost brand, offering the benefits of our high-quality network to people who don't need the frills of a premium offer.

Everyone, including the disabled

Because people's physical abilities shouldn't influence their access to digital nor limit their opportunities, we continuously test the accessibility of our devices with the Passe Muraille association. Through their

independent panel of disabled people, they guarantee that our devices meet their needs, based on an evaluation grid with different accessibility criteria.

We've also set up specific pictograms to make access to our services and sales channels easier and to make it easy to identify accessible devices. Our online catalog also contains information about devices adapted to the needs of users with a disability.

In 2018, 11 new devices were tested (vs 12 in 2017) before proposing them in our offer. We see that there has been improvement by the manufacturers in terms of accessibility. 91%

of the devices tested were accessible for at least one disability category and 36% were accessible for all categories.

In the next three years, we aim to strengthen our relationship with Passe-Muraille. In addition, we plan to review the accessibility of our shops and develop versions of our applications and services that are adapted to visually impaired and disabled customers.

Over the next years, we also aim to improve the accessibility of our TV interface for people with a hearing or visual impairment (audio description and subtitles). Already, Proximus TV offers subtitling on a large range of channels and the "audio description" feature on the channels één, één HD and La Une. We plan to extend this functionality in the future. Also, by 2024, 25% of programs in our video-on-demand catalog will have an audio description and 25% will have subtitles.

Everyone connected

In today's society, connectivity, like water and electricity, is a basic right. Proximus makes important investments in improving connectivity in rural and white zones, even

if commercially not relevant (see section Enabling a better digital life). Proximus also invests €3 billion in accelerating its roll-out of fiber, bringing fiber to industrial zonings and all centers of cities and municipalities, this way offering all citizen and companies access to the Gigabit network of the future.

For people in difficult economic situations, we offer social tariffs. This is a legal obligation for all operators with a turnover of more than €50 million. In 2018, more than 155,714 people benefited from one or more social tariffs granted on social or humanitarian grounds.

We have an offering for each type of customer. Scarlet is a no-frills offer at a low price, while Proximus offers a full premium service. Scarlet wants to make telecom services accessible to all Belgians and has the ambition to always give the best offer for the lowest price.

Scarlet was the first to offer unlimited SMS messages in all mobile deals. Also, Scarlet is the only brand to provide unlimited voice calls below €20, via its Hot subscription.

Proximus is a founding partner of 19, the first entirely free Belgian Coding School open to 18-30-year olds



Going forward, Scarlet will keep launching new types of offers in the fixed and mobile domains, adapted to market evolutions and customer needs. It will facilitate mobile Internet access with a new and simplified portfolio, and offer mobile data access at a competitive low price, while aiming to improve the quality of our services and ensure our customers can keep their telecom budget under control (usage warnings, new self-care interface, etc.).

Educating Belgians for the digital future

Within the next decade, many jobs will disappear. Also new types of jobs will appear, bringing new opportunities. However, digital skills will be a prerequisite. We want to address this challenge by already helping people to gain the skills they need to thrive in the new economy. That's why we partner with schools and other associations to bring the power of technology to new generations.

Ensuring digital employability

One area of focus is the work we do through the Proximus Foundation. The mission of the Proximus Foundation is to help young people

with social, economic or personal difficulties enter the job market by acquiring the skills they need to have a job in the marketplace of tomorrow. This foundation supports mainly two initiatives: Digitalent, since 2015, and School 19, since 2018.

Digitalent

Digitalent was set up in collaboration with employment agencies and cities. It helps young people between the ages of 18 and 25 to become familiar with modern technologies thanks to projects they develop themselves. Digitalent offers an eight-week training course to small groups of young people based on three pillars: technical, entrepreneurial and the construction of a personal professional path for the future.

Started in Antwerp in 2015, we have since added 13 cities across Belgium. In total, 225 students have followed the courses and received certificates. Of those who followed our Digitalent courses over the last 18 months, 41 % have found a job and 28% are continuing education/training (amongst them 29% in the ICT sector).

19 Proximus is a founding partner of 19, the first entirely free Belgian Coding School open to all. Focused on 18-30-year-olds, the 19 Coding School is innovative in that there is no tuition fee, no diploma awarded, and education takes place without a teacher. It works as a school thanks to the pedagogic support of the leading coding school in the world: 42.

The collaboration between Proximus and 19 started in 2018. Within its first year, 19 received over 2,000 applications from students wanting to access its groundbreaking learning system. 157¹ of those were

¹ Of which 92 have an unemployment statute.

accepted. 19 also launched the 'She loves to code' initiative to attract more women to follow its coding courses.

With 19, our objective is to encourage even more applications and see people, especially women, benefiting from its innovative way of learning. In 2019, we will also welcome a first wave of 10 internships coming from 19 and will work with them on 9 specific projects.

BeCentral

BeCentral is a new digital campus located in Brussels Central Station. Its mission is to close the digital skills gap and help accelerate Belgium's Digital Transformation. It hosts digital schools and workshops in an

entrepreneurial ecosystem. The campus offers more than 30 initiatives each day to over 200 tech enthusiasts, including educational programs, start-ups and NGOs. Proximus supported the start of BeCentral with connectivity, and the Proximus Foundation organized two Digitalent sessions at BeCentral in 2018.

Education through digital

Proximus has developed the project Web Experts program for seniors. Organized as a contest for schools, children are encouraged to submit their group projects and teach the elderly about the advantages of the Internet, how to use the Internet safely, etc. Every month, there is a prize for the best project. In 2018, 322 people were trained thanks to WebExperts, with 8 schools (270 children) taking part in this project.

We have decided to redesign the Web Experts initiative in a bid to reach more schools each month and extend the project's impact. In 2019, we aim to increase the number of schools participating to 30.

We are very proud to be supporting associations harnessing the power of digital to ensure sick children can follow classes in any situation.

We are a partner to Bednet in Flemish schools and Take Off in French-speaking schools. This allows long-term sick children stuck at home or in the hospital to follow and be a part of their classrooms. Through innovative software and solutions, Bednet and Take Off let kids feel like they are still an active part of their classrooms and to stay up to date on their education. Proximus supports those projects by providing internet lines and sponsoring. In 2018, Bednet and Take Off helped over 1,000 children through these initiatives.

In 2019, we will continue our support to Bednet and Take Off and help them grow their initiatives as Bednet plans to help 1,000 children and Take Off 100. Furthermore, the new Bednet interface will allow children to record the lessons in order to be able to follow them later.



In 2018, 322 elderly were trained by 270 kids in the **WebExperts program**

Fans of Belgium's culture

2018 was an exceptional year for Belgian sports; think about our performance in football, gymnastics and hockey. Proximus is a historic sponsor of our national football team, the Proximus league as well as basketball and cycling events. Besides sports, we also sponsor local music festivals and cultural events.

KPI	Result 2018	Result 2017
Unique reach of Music and Sports content on Proximus platforms	-5 Million	N.A.
Unique reach of sponsoring events	-2.5 Million	N.A.

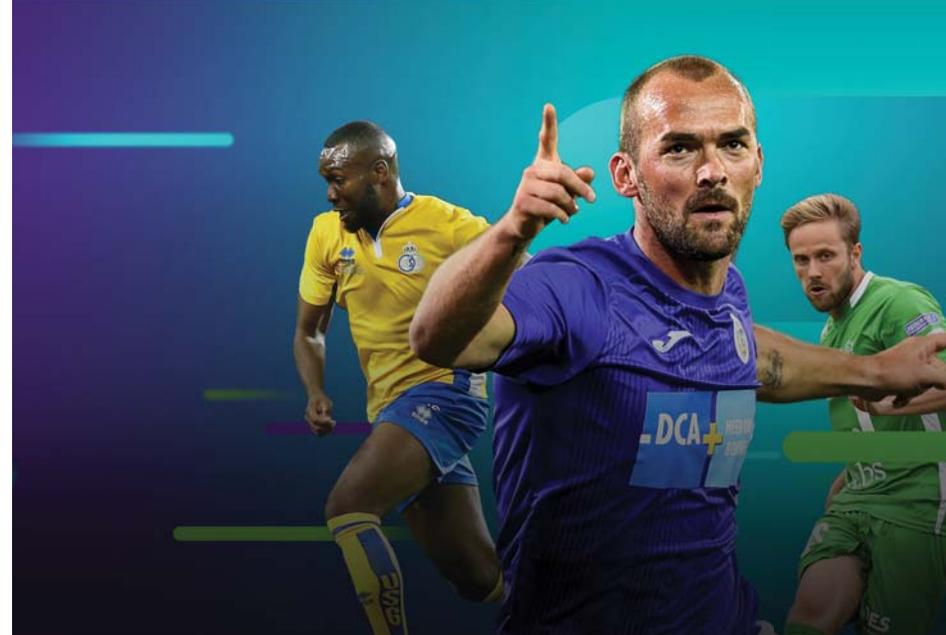
Music

We are a proud and active sponsor of local music and cultural events: Bozar, Queen Elisabeth Music Chapel, Rock Werchter, les Ardentes, Dour, Pukkelpop and the Francolies. In the summer of 2018, we reached more 527,000 unique visitors via our Proximus music platforms. Audiences were able to watch the live streaming of the festivals, on-demand concerts or the

We are the No. 3 advertiser in Belgium, we stimulate Belgian co-productions and share sports rights (football, cycling) with local media, thereby actively contributing to our local media industries, and looking with them at ways to safeguard the industry, through the development of new advertising models and innovation.

special reports (42% more than in 2017) while 20,000 customers and prospects participated in our contest to win tickets, and 62,000 people visited our booth at the festivals.

In 2018, we reconfirmed our partnership with the AB concert hall in Brussels, thereby reaching 300,000 visitors each year.



We also renewed our partnerships with the Brussels cultural and classical music houses De Munt (opera) and Bozar (mix of classical and modern concerts), reaching about 500,000 visitors per year. Proximus is also partner of the Queen Elisabeth Music Chapel supporting young music talents from all over the world and the QE contest that each year welcomes many international artists. By sponsoring the Klara festival (VRT) and Musiq'3 Festival (RTBF), Proximus is actively supporting the accessibility of classical music to larger audiences.

This music support includes big names but also smaller, more niche events and organizations that depend on the support of companies like us, and who are proponents of Belgian culture. This is something we wish to do more of in the future.

Sport

Football

In sports, we continue to sponsor three Pro league clubs: Brugge, Anderlecht and Charleroi (reaching about 1 million active foot fans). Proximus also confirmed title sponsorship of the First Division B football competition and added an eSports competition in 2018. We were also a proud sponsor of the Red Devils and actively supported the World Cup campaign by offering free data during the Red Devils' games. By doing so, we reached more than 1 million fans. Finally, we reinforced our engagement to women's football in Anderlecht and with the Red Flames.

Cycling

In cycling we remain main sponsor of the six Classic races in Flanders with excellent

Through our 15 races of the Proximus Cycling Challenge we reached **40,000 cycling fans in 2018,** up 60% vs 2017



visibility during the Tour of Flanders (2 million viewers). We put extra focus on content on our Proximus platforms for the women's races and starter events in Antwerp and Ghent. We reinforced the Proximus Cycling Challenge by offering 16 high-quality races in all Belgian regions, also in the southern part of Belgium, reaching about 40,000 amateur cycling fans and participants (60% more than in 2017). Proximus remains a partner of the DVV cyclo-cross races (12 in total) that are watched for free on VRT with, on average, 300,000 viewers per race and 30,000 visitors on location.

Basket

In 2018, we extended our sponsorship of Spirou Charleroi basketball club for one season (2018-2019) and also started to develop other initiatives in the Spiroudôme, such as the organization of the first Proximus-ESL eSports championship in December 2018. This event had more than 1,000 visitors for its first edition and over 150,000 unique viewers watched on the Proximus eSports channel, marking a very promising start.

The future of Belgian sports

In the coming years, we will continue to actively sponsor sports in Belgium. It is for us a great cultural heritage and we will expand our reach as we can. This will come by making sure the content can easily be shared and watched by Belgian citizens through our platforms and by sponsoring more local events as well. Focus will remain on football and cycling, with extra attention being paid to women and youth active in these sports.

Media

As a telco company, we are deeply connected to our media landscape. As a major media distributor in Belgium, we offer a strong platform for local content, with over 96 local channels in our basic offer (72 local TV and 2 local radio channels).

In addition, we actively encourage Belgian co-productions and invested €2.6 million in local co-productions in 2018 (e.g. the third season of Versailles by ENTRE CHIEN & LOUP was broadcast on the Proximus platform and later by RTBF). We share sport rights (football,

cycling, basketball and hockey) with local media.

We are also actively contributing to ensure a better future for our local media industry, which is under pressure, by developing new advertising models and are aiming to improve our platforms and user interfaces in order to compete with international OTTs and other social media players.

In 2019, several co-productions that we invested in will be released, both in the Flemish and French-speaking parts of the country. For instance, Studio Tarara by Production House

Shelter will be broadcast by VTM, while the second season of Ennemi Public by ENTRE CHIEN & LOUP will be shown on RTBF, and many more.

Art

Our Proximus Art Collection counts 123 artists and 520 contemporary art pieces. Of those artists, 50 are Belgian. This collection started in 1996. Every year, we promote one Belgian artist and in 2018, this was Lara Gasparotto. To share this collection with visitors in 2018, we organized 27 guided tours and conferences around our collection (compared to 25 in 2017).



Proud sponsor

of the Belgian Paralympic Committee

Social engagement

Material Topic*: **2**

As a company strongly rooted in Belgium, we want to give back to society in a concrete and direct way. We do this by supporting local initiatives around our offices and other national projects.

*Materiality Matrix p. 27

In 2018, we continued our partnership with Be.Face by participating in solidarity campaigns with this network of socially responsible companies. By appealing to the individual generosity of employees and companies, collective operations were conducted, including a large-scale collection of warm clothing and blankets for the homeless. In addition, a “Solidarity Sandwiches” marathon was set up. In

partnership with Be.Face and in collaboration with other partner companies, Proximus participated in the sale of sandwiches for the benefit of associations in Saint-Gilles (Restos du Coeur) and the North district (Point 32, Vluchtelingenwerk Vlaanderen, Harmonie). Proximus also supports the cause of refugees and migrants. In collaboration with NGO’s and various humanitarian organizations, we installed free Wi-Fi and Internet in buildings offering shelter to families who have left their own country. These are a building close to Maximilien Park (humanitarian hub of Médecins du Monde, the Belgian Red Cross, and Médecins Sans Frontières of Belgium); two Fedasil buildings in Ixelles and Neder-Over-Heembeek and two buildings of the Plateforme Citoyenne de Soutien aux réfugiés, in Jette and Schaerbeek. We also donated computers to this organization to equip the classrooms of the “Ecole Maximilien pour Adultes”.

As part of the Winter Plan, we made one of our buildings in Brussels available to accommodate 50 homeless people every

night, offering them a bed, a hot meal, breakfast and health, medical and social support.

We also continued our support of Télévie, CAP48 and the Belgian Paralympic Committee. ,

We supported 9 employee initiatives, by giving them authorization and space in our common areas to request support for their associations. And by collaborating with the Red Cross, we donated 244 litres of blood (compared to 282 in 2017).

In 2019, we will continue supporting Be.Face initiatives and will propose employees to associate team buildings activities to a good cause support.

Respecting our planet





Respecting our planet

At Proximus, we think long-term and want to reduce our ecological impact. At our company, in our partnerships with suppliers, and in our innovations, we want to make a net positive contribution to our planet.

We take initiatives to remain **CO₂-neutral** and to become more **circular** in terms of materials and energy. And from our suppliers, we demand the same **commitment to sustainability**.

Proud to be CO₂ neutral

Material Topic*: **3**

Energy reduction, waste management, an ecological network, green mobility: at Proximus, we take our impact on the environment seriously and we have set up concrete measures to reduce that impact.

*Materiality Matrix p. 27

We are one of the few CO₂-neutral telecom players in the world and we are proud to have a place in the CDP Supplier Engagement leader board. But that's just the beginning: we'll continuously push ahead by improving our own good practices and through digital innovation, to ensure Belgium remains a good place to live in, and to play our part in combatting climate change.



At Proximus, **we take our impact on environment seriously**

and we have set up concrete measures to reduce it

KPI	Result 2018	Result 2017
Electricity used which came from renewable energy sources	99%	98%
Carbon neutrality level for own operations and business travel	100%	100%
Carbon emissions scope 1+2 ¹ compared to previous year	-12%	-4%
Energy consumption compared to 2008	-27%	-24%

¹ The methodology and detailed figures can be found in the chapters "Transparency", "Carbon emissions and energy: boundaries, scope and methodology" and "Environmental figures".

We are one of the few telco operators in the world and **the only Belgian one that is climate neutral since 2016**

Our first and main initiative is to reduce our CO₂ emissions. In 2007, we set a target of reducing our emissions by 70% for Belgian operations by 2020. We achieved that goal in 2015, which is why we set a new target of reducing our Group GHG scope 1 and 2 CO₂ emissions by 30% between 2015 and 2025. By actively focusing on the energy efficiency of our own car fleet, buildings, networks and data centers, we contribute significantly to reducing CO₂ emissions. Over the past eleven years, carbon emissions of scope 1 and 2 decreased by 75% and fell by 12% in 2018 compared with 2017. Energy consumption also continues to fall each year, by 27% over the past 10 years and by 5% compared with 2017. 99% of the electricity supporting our network, data centers and office buildings comes from renewable energy sources.

Managing the life cycle and environmental footprint of our network in a responsible way, despite the significant data growth, is ensured through several major programs, such as:

- Reducing our network's electricity consumption in a structured way by putting the emphasis on outphasing and power savings in network simplification

projects, and by adopting more energy-efficient systems and features, resulting in an additional 13 GWh saving in 2018.

- Extending the lifespan of the network with innovative technologies.
- Recycling or reusing all technical equipment after dismantling.
- Drastically reducing journeys made by technicians through virtualization and remote installation, maintenance and repair technologies.

Green mobility for our employees

Transportation represents more than 60% of the remaining scope 1 carbon footprint, so our strategy is oriented towards a drastic reduction. First of all, we keep reducing employee commuting:

- The mobility budget promotes the shift to public transport. In 2018, over 2,000 employees opted for commuting solutions instead of parking spot¹.

1 Representing 53% of people with a mobility plan/ company car

- Telecom solutions to facilitate teleworking and work from home.
- Gradual shift to carbon-friendly or carbon-neutral offices, always near public transport stations.

In addition, we are making our vehicles more carbon-friendly. In 2018, we had more than 200 lease bikes in place, launched the business bike concept for technicians and logistics, and replaced more than 1,330 "Euro-3, -4 and -5" technical vehicles by much more energy-efficient Euro-6 and CNG vehicles. Total fuel consumption fell by 3% compared with the previous year.

Green energy consumption

Since 2009, all electricity consumed for our operations in Belgium has come from renewable energy sources. For example, electricity from local wind energy is used at Proximus' head office. The 100% renewable energy consumption also applies to Telindus' operations in the Netherlands and our Telindus and Tango operations in Luxembourg. In addition, a growing number of BICS sites worldwide are switching to renewable energy. This means we used up to 99 % electricity

from renewable energy sources in 2018. We joined the RE100 initiative to reinforce our commitment to 100% renewable power.

While we are continuing our efforts to reduce our emissions, we have also been climate-neutral for our own operations since 2016. This is achieved by offsetting what we cannot reduce yet by originating and supporting international Gold Standard projects that fight global warming.

Green clients

We help our customers reduce their impact on the environment by maintaining a sound balance between ensuring a long life for our TV decoders and modems and rolling out energy-efficient devices, with a reduction in average consumption of 41% over the past four years.

Proximus provides many products and services that can help other organizations reduce their environmental footprint.

Green overall

We are also working on reducing our indirect scope 3 emissions. With a target of -10% by 2025 and -50% by 2040, since 2014 we



As a responsible company, Proximus makes efforts to **reduce waste and recycle resources**

and will continue doing what it takes to close the circle

Part of the circular economy

Material Topic*: 4

The current economic system of “take, make, waste” has reached its limits. We are rapidly shifting towards a more circular economy, requiring fewer resources and producing less waste.

At Proximus we are actively contributing to this circular economy, both in-house and together with our customers. As a responsible telecoms player, we make efforts to reduce waste and recycle resources, and will continue to do whatever it takes to close the circle.

Proximus’ activities in Belgium in 2018 generated 14,700 tons of waste, including 13% residual waste which was converted into electricity and heat energy in waste treatment facilities. The remaining 87% was recycled, reused or reprocessed and consisted of 41% of stones and sand from our network activities, for 29% of glass, plastic, metal, paper, wood, batteries, toners and various items, and for 17% electronic waste.

The MIDAS project, which has been running for several years, is aimed at recycling as many valuable resources as possible from network installations. Over the past two years, more than 2,000 tons of copper cable were recovered from old exchanges and/or the earth and thousands of tons of various

have managed to reduce emissions relating to employee commuting by 17%, business travel by 20%, journeys by subcontractors by 54%, fuel- and energy related activities by 4% and use of sold products by 18%. However, as we’re fully investing in the transformation of our network, indirect emissions relating to purchased goods and services and capital goods increased by 9%, and waste generated through operations by 12%.

Our very ambitious reduction targets are in line with climate science and are approved by the Science Based Targets initiative. Reaching these targets will be achieved through multiple initiatives and plans: further migration of our network, continuous green fleet and logistics improvement, office-building optimization, energy efficiency improvement of end-user devices and carbon footprint reductions of procured products and services.

KPI	Result 2018	Result 2017
Percentage of waste recycled, reused or composted	87%	85%
Collected mobile phones	18,279	18,493
Refurbished modems and TV decoders	405,544	322,194

items of electronic equipment were recycled. Through these activities, we bring valuable metals back into business.

Besides our internal efforts, we also signed, in 2017, the Green Deal Circular Purchasing

of Circular Flanders. Our deal involves setting up two circular procurement projects and sharing each other’s best practices with all other signatories. In 2018, we introduced two projects being the TV decoder and reuse of the installation and equipment of technical vehicles.

*Materiality Matrix p. 27



Bringing valuable metals back into business

Next, we also run an initiative in our shops and in schools to recycle phones. Anyone can come into a shop and ask for their electronic device to be recycled. In return, we donate €1 to Bednet or Take Off. In schools, we work with GoodPlanet Belgium to raise children's awareness of the life cycle of mobile phones. They can then bring in their devices to be recycled and we reward schools with refurbished computers in exchange for their help. In 2018, we recycled over 9,000 phones in 95 schools and shops and rewarded schools with 156 refurbished laptops, desktops or tablets.

These initiatives show our commitment to being circular, but because we know we need to go one step further, we are developing

a multi-year plan to become a circular company.

For the future, we have set clear goals on our waste management. We intend to recycle as much as 90% by 2025.

We also want to reach the target of 200,000 collected phones in schools by 2020 in collaboration with GoodPlanet Belgium.

Finally, a new project, GoodSchool DigiTool, was launched in September 2018 in partnership with GoodPlanet Belgium to increase children's awareness of sustainability matters such as waste, mobility, food and energy, by using our LoRa IoT technology.

Sustainable supply chain

Material Topic*: 13

If we want to tackle climate change, we need everyone to do their part. As a company with hundreds of suppliers, we're taking our responsibility in building a sustainable supply chain.

By working closely with our suppliers and demanding they meet a set of strict sustainability standards and clauses, we can further reduce our impact and contribute to a better world.

Each year, Proximus works with some 4,000 suppliers of products or services, mainly in the fields of ICT and technology, and together we endeavor to improve social and environmental (SE) standards throughout the supply chain. This can be achieved by raising the suppliers' SE performance and improving their own supply chain management, while also increasing our own efficiency. Suppliers are essential in our operations to provide products and services. However, having close ties with suppliers implies that their reputation could impact on ours. We undertake to treat suppliers fairly and equally, and to promote relationships of trust with both existing and potential suppliers. Moreover, we expect our

KPI	Result 2018	Result 2017
Percentage of suppliers screened using social criteria (incl. working conditions, human rights, etc.) who received a silver or gold recognition level ¹	87%	85%
Percentage of suppliers screened using environmental criteria who received a silver or gold recognition level ²	83%	82%

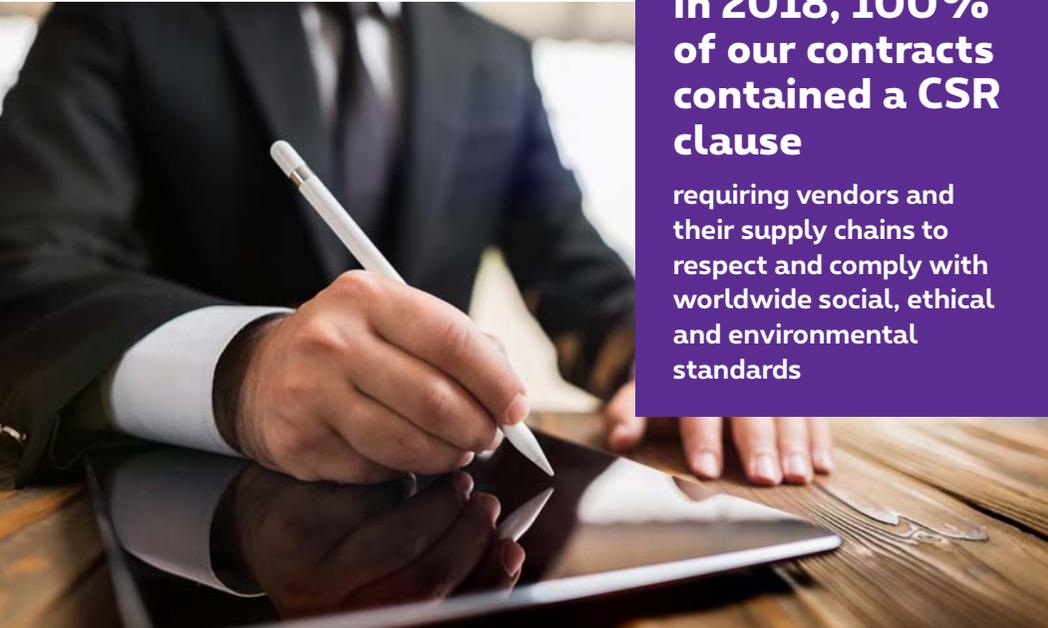
1 Based on the EcoVadis assessment.

2 Based on the EcoVadis assessment.

suppliers to subscribe to our social, ethical and environmental principles. We will not work with parties who do not adhere to the same standards as we do.

As far as our suppliers are concerned, we integrate SE standards on labor, ethics, safety and the environment into our purchasing processes. By so doing, we not only improve

*Materiality Matrix p. 27



In 2018, 100% of our contracts contained a CSR clause

requiring vendors and their supply chains to respect and comply with worldwide social, ethical and environmental standards

our brand image but, above all, we bring about positive change in the communities in which our suppliers operate.

Those standards serve as supplier selection criteria and are included in all contracts through the CSR clause, which covers topics such as child labor, forced labor, health and safety legislation and protection of the environment. In 2018, 87% (85% in 2017) of our new suppliers were assessed against various social criteria, and 83% (82% in 2017) against various environmental criteria. We have standard RFX documents for the purchase of IT and terminal equipment with

relevant sustainability criteria, including a clause prohibiting the use of conflict minerals.

In addition to the original assessment, and on the basis of purchase value and strategic relevance, suppliers are selected to take part in a CSR assessment and/or audit. Such audits may entail an on-site audit at the premises of the supplier or their subcontractors, usually in China or India. Suppliers with a specific risk profile, or with a high contract value, are assessed for their CSR performance using the EcoVadis platform (<http://www.ecovadis.com/>). In 2018, CSR supplier scorecards were compiled for 40% of the total purchase

amount. Of those 121 suppliers, 83% received a positive score for environmental risks and 87% for working conditions and human rights (thus leaving 16 suppliers having potential negative social impact and 20 having potential negative environmental impact). Proximus, as a supplier, has itself received a high rating for several years; since 2018 it has been granted the Gold label with a score of 67%. Our target is to have 75% of suppliers with a positive rating within 5 years.

Proximus, together with 15 other telecom operators, representing over 50% of worldwide telecom turnover, is a member of the Joint Audit Cooperation (JAC, <http://jac-initiative.com/>). In 2018, 91 on-site company audits were conducted worldwide in collaboration with JAC, each of them resulting in an improvement plan. The purpose of the audits is to monitor, assess and develop the CSR standards of production sites of large ICT multinationals.

Proximus received 121 CSR supplier scorecards and conducted nine audits in 2018. Five other suppliers will be audited in 2019. The CSR selection and qualification process is described in detail on the Suppliers Portal.

In the event of one of our suppliers not passing the audit or obtaining a negative EcoVadis score, we invite them for re-assessment the next year. In 2018, 100% of our contracts contained a CSR clause. This clause requires vendors and their supply chains to respect and comply with worldwide social, ethical and environmental standards.

In 2019, every new supplier will have to complete a CSR survey and reach a predefined level of CSR compliance.



**Governance
and compliance,
safeguarding
long-term value**



Governance and compliance, safeguarding long-term value

Corporate governance statement	68
Regulatory framework	85
Risk management report	91
Proximus share	99
Remuneration report	100

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 means having a clear governance model, which for us, as a limited liability company under public law, is imposed by the Law of 21 March 1991 on the reform of certain autonomous economic public companies (“the 1991 Law”). For matters not explicitly regulated by the 1991 Law, Proximus is governed by Belgian Company Code and the 2009 Belgian 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 (formerly Strategic & Business Development 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 her duties
- Proximus designates the 2009 Belgian Code on Corporate Governance 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 behaviours to follow and avoid. Therefore, Proximus adopted its new Code of Conduct

in 2016, applicable to all employees. Until now, 93% of Proximus employees followed 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 their business ethically.

- The Board is composed of maximum fourteen members
- Directors are appointed for a maximum term of four years. Mandates are renewable but there is a maximum term of in total 12 years for independent Directors.

Board of Directors

Since the modified 1991 Law and the changes to the bylaws in April 2016, the following principles apply:

- All Directors are appointed by the Shareholders' Meeting with 50% + one vote, upon proposal by the Board from those candidates withheld by the Nomination & Remuneration Committee
- Any shareholder holding at least 25% has the right to propose a number of Directors proportionate to its shareholding
- All Directors other than the CEO and those appointed through the aforementioned nomination right are independent. In any case there must be 3 independent Directors according to the criteria of article 526ter of the Belgian Company Code and of the Belgian Corporate Governance Code

Today, the Board is composed of fourteen members. Seven Directors are appointed by the Belgian State in accordance with the previous version of the 1991 Law. Their mandates expire at the end of their term, except in case of early termination by the Shareholders' Meeting. The other seven Directors are independent as per article 526ter of the Belgian Company Code and of the Belgian Corporate Governance Code.

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

On 18 April 2018 Mrs. Agnès Touraine and Mrs. Catherine Vandendorre were reappointed for a new mandate of four years.

Members of the Board of Directors appointed by the Belgian State under the previous version of the 1991 Law

Name	Age	Position	Term
Stefaan DE CLERCK	67	Chairman	2013 - 2019
Dominique LEROY	54	Chief Executive Officer	2014 - 2020
Karel DE GUCHT	65	Director	2015 - 2021
Martine DUREZ	68	Director	1994 - 2019
Laurent LEVAUX	63	Director	2013 - 2019
Isabelle SANTENS	59	Director	2013 - 2019
Paul VAN DE PERRE	66	Director	1994 - 2019

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

Name	Age	Position	Term
Pierre DEMUELENAERE	60	Independent Director	2011 - 2021
Guido J.M. DEMUYNCK	68	Independent Director	2007 - 2019
Martin DE PRYCKER	64	Independent Director	2015 - 2019
Tanuja RANDERY	52	Independent Director	2016 - 2020
Agnès TOURAINÉ	64	Independent Director	2014 - 2022
Catherine VANDENBORRE	48	Independent Director	2014 - 2022
Luc VAN DEN HOVE	59	Independent Director	2016 - 2020

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 526ter of the Belgian Company Code.

Committees of the Board of Directors

Proximus has an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Transformation & Innovation Committee (formerly Strategic & Business Development 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 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: Messrs. Guido J.M. Demuynck (Chairman), Stefaan De Clerck, Pierre Demuelenaere, Paul Van de Perre and Mrs. Catherine Vandenborre.

A majority of the members of the Audit & Compliance Committee have extensive expertise in accounting and audit. The Chairman of the Audit & Compliance Committee, Mr. Guido J.M. Demuynck, holds a degree in Applied Economics. Mrs. Catherine Vandenborre holds a degree in Business Economics as well as degrees in Tax and Financial Risk Management. Mr. Paul Van de Perre holds a Master's degree in Economics and several postgraduate degrees. The Chairman 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, Guido J.M. Demuynck, Martin De Prycker and Mrs. Martine Durez.

Transformation & Innovation Committee (formerly Strategic & Business Development 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 presided 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, 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, Mrs. Tanuja Randery and Mrs. Agnès Touraine.

Deviation from the 2009 Belgian Corporate Governance Code

Proximus complies with the 2009 Belgian Corporate Governance Code, with the exception of two deviations, which were imposed under the former 1991 Law. These deviations will cease to exist as from the expiry of the mandate of the last Director appointed by the Belgian State.

The 2009 Belgian Corporate Governance Code states that the term of a board mandate

should not exceed maximum four years. However, the mandates of the Directors who were appointed by the Belgian State in the past expire after six years as prescribed by the former article 18 paragraph 3 of the 1991 Law. As from 2016, all Directors are appointed for a term of 4 years.

The 2009 Belgian Corporate Governance Code states that the Board of Directors appoints its Chairman. The current Chairman was appointed by the Belgian State by Royal

Decree in the Council of Ministers in accordance with the former article 18 paragraph 5 of the 1991 Law. The next Chairman will be appointed by the Board of Directors from amongst its members.

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 523 of the Belgian Companies Code, the CEO, Mrs. D. Leroy, declared during the Board of Directors of 1 March 2018 to have a conflict of interest in connection with her performance evaluation for 2017, item on the agenda of that Board meeting.

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.

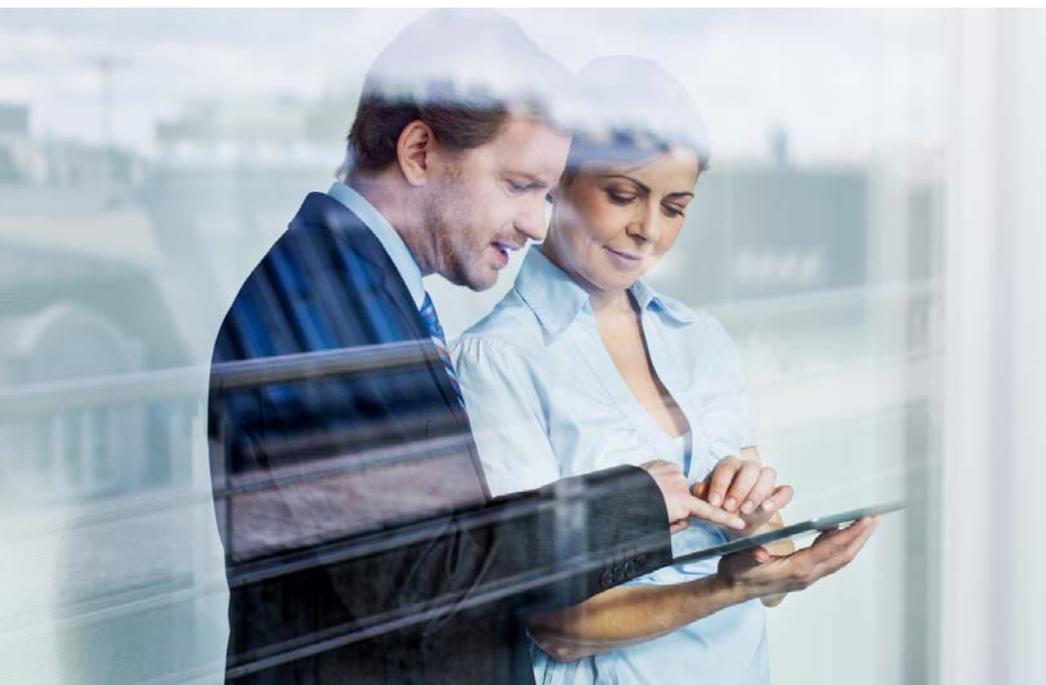
Activities Report of the Board and Committee meetings

In 2018, seven meetings of the Board of Directors were held, five meetings of the Audit & Compliance Committee, four 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 on p.82).

Evaluation of the Board

At the end of 2016, the Board of Directors started an external Board evaluation together with Guberna. The Board members were invited to answer an extensive questionnaire, followed by an interview between Guberna and each individual Board member. The Board members were asked their opinion on corporate governance at Proximus, the functioning of the Board and of the committees. Guberna concluded in 2017 that the assessment was overall positive and

identified as main strengths a well-balanced composition of the Board, the high quality of information flow to the Board, a Board culture stimulating the decision-making in the interest of the company and an excellent leadership by the Board’s Chair.

As a result of the evaluation, the Board reflected on the role of the ‘Strategic and Business Development Committee’ and decided to change this as of 2018 into a ‘Transformation & Innovation Committee’, which is a permanent committee of the Board, discussing those selected files of diverse nature that need preparatory reflection and need to mature before being brought to the Board for decision. This Committee will be convened at the request of the Chairman or the Board whenever required by the interest of the company.

As a further action point from the Board evaluation, the Board decided to strengthen the reporting from the committees and to review and update the delegation from the Board to the CEO which was last published in 2006. The new delegation was published in the appendices to the Belgian Official Gazette on 23 May 2018.

The Board of Directors will examine in 2019 how to prepare its renewed composition taking into account the new legal framework.

Executive Committee

Chief Executive Officer

The CEO was appointed by the Belgian State by Royal Decree deliberated in the Council of Ministers, in accordance with the provisions of the previous version of the 1991 Law. Future CEO’s will be appointed by the Board of Directors, deciding by a normal majority vote.

In line with the 1991 Law and the company’s bylaws, the CEO is a member of the Board of Directors. The CEO and the Chairman of the Board of Directors must come from different language groups.

The CEO is entrusted with day-to-day management and reports to the Board of Directors.

The Board of Directors has delegated broad powers to the CEO.

The current CEO is Mrs. Dominique Leroy. Her renewable six-year fixed term contract started on 13 January 2014.

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 her 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 2018, the Executive Committee, in addition to the CEO, was composed of the following members:

Name	Age	Position
Guillaume BOUTIN	44	Chief Consumer Market Officer
Sandrine DUFOUR	52	Chief Financial Officer
Dirk LYBAERT	58	Chief Corporate Affairs Officer
Geert STANDAERT	48	Chief Technology Officer
Renaud TILMANS	50	Chief Customer Operations Officer
Jan VAN ACOLEYEN	56	Chief Human Resources Officer
Bart VAN DEN MEERSCHE	61	Chief Enterprise Market Officer

Board of Auditors

Composition

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

- Deloitte Auditors SC sfd SCRL, represented by Mr. Michel Denayer 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
- CDP Petit & Co SPRL, represented by Mr. Damien Petit

Deloitte Auditors SC sfd SCRL, represented by Mr. M. Denayer and Mr. N. Houthaeye, are responsible for the audit of the consolidated financial statements of Proximus and its subsidiaries.

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 SC sfd SCRL and CDP Petit & Co SPRL will expire at the annual General Shareholders Meeting in 2022.

Additional fees paid to the auditors

In accordance with the provisions of Article 134 § 2 of the Belgian Company Code, Proximus declares the supplementary fees that it granted during the 2018 financial year to two auditors, members of the Joint

Auditors: Deloitte Auditors SC sfd SCRL and and CDP Petit & Co SPRL.

The Group spent during the year 2018 an amount of 453,909 EUR for non-mandate fees for Deloitte Auditors SC sfd SCRL, the Group's auditors. This amount is detailed as follows:

Amount spent by the Group for non-mandate fees for Deloitte Auditors SC sfd SCRL

(in EUR)	Auditor	Network of auditor
Other mandatory audit missions	50,320	42,972
Tax advice		
Other missions	66,875	293,742
Total	117,195	336,714

The Group also spent during the year 2018 an amount of 1,557 EUR for non-mandate fees

paid to CDP Petit & Co SPRL. This amount is detailed as follows:

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

(in EUR)	Auditor
Other mandatory audit missions	1,557
Tax advice	
Other missions	
Total	1,557

Members of the Board of Directors

Dominique LEROY



Mrs. Dominique Leroy has been Chief Executive Officer since January 2014 and presides over the Executive Committee of Proximus. She joined Proximus (formerly Belgacom) as Vice President of Sales for the Consumer Business Unit in October 2011 and was appointed Executive Vice President of the Consumer Business Unit of Proximus in June 2012.

Prior to Proximus, Mrs. Leroy worked for 24 years at Unilever. She was Managing Director of Unilever Belux and member of Unilever's Benelux Management Committee. She previously held various positions in marketing, finance and customer development.

Mrs. Leroy is Chairwoman of the Boards of BICS and Be-Mobile and Chairwoman of the International Advisory Board of the Solvay Business School. She is an independent Board member at Ahold Delhaize and Compagnie de Saint-Gobain. She was also independent Board member at Lotus Bakeries until May 2018.

Mrs. Leroy holds a Master's degree in Business Engineering from the Solvay Business School.

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 Board of VOKA, 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 Institute for European Studies (IES) 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 and is a Member of the Advisory Board of CVC Capital Partners. He is also the manager of 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 I.R.I.S. (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 I.R.I.S and contributed to the development of new technologies, new products and the filing of a number of patents.

Mr. Demuelenaere received the “2001 Manager of the Year” award and I.R.I.S. the “2002 Company of the Year” award. In 2008, Data News elected him as ICT personality of the year. He is a member of the Board of directors of Guberna and also Chairman of the Board of Directors of EVS Broadcast Equipment. He served for 7 years as a director on the Board of BSB, an insurance and banking software company, for 23 years on the Board of Pairi Daiza and for 10 years on the Board of e-capital, a Venture Capital Fund.

In 2013, Pierre Demuelenaere successfully negotiated the acquisition of I.R.I.S. 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 Université Catholique de Louvain (UCL) and received his PhD in Applied Sciences in 1987.

**Guido J.M.
DEMUYNCK**



Until December 2010, **Mr. Demuynck** was CEO of Liquavista. Before that, he held various positions within Royal Philips Electronics NV from 1976 until 2002. Amongst others, he was Vice President Marketing Audio in the USA, CEO of Philips in South Korea, General Manager Line of Business Portable Audio in Hong Kong, and CEO Group Audio in Hong Kong.

In 2000, he became CEO Product Division Consumer Electronics in Amsterdam and member of the Group Management Committee of Philips.

In 2003, Mr. Demuynck joined Royal KPN where he became member of the Board of Management and CEO of the Mobile Division (KPN Mobiel Netherlands; Base Belgium, E-Plus Germany). Until July 2008, he was CEO of Kroymans Corporation BV in the Netherlands. He was a member of the Supervisory Board of TomTom from June 2005 until April 2016. In addition, he has been a Board member of Teleplan International N.V. since May 2011, of Aito BV since January 2012 and of Wizz Air Holding Plc since March 2014.

He holds a degree in Applied Economics from the University of Antwerp (UFSIA) and a degree in Marketing from the University of Ghent (R.U.G).

**Martin
DE PRYCKER**



Mr. 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 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 and EYEco eyeCO.

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. 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 Ethias Co 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).

**Laurent
LEVAUX**



A 'magna cum laude' graduate in Economics at UCL (Louvain-la-Neuve), *Mr. Levaux* began his career at the age of 22 at the head of a small struggling company in Liège, at the time employing some 100 people. Four years later the company was turned around, developed, and was merged with a large international group.

He next obtained an MBA from the University of Chicago (1985) before going to work for McKinsey & Co, where he spent some 10 years, the last four as a partner, undertaking strategic and restructuring assignments throughout Europe.

In 1995 he joined the Executive Committee of Belgian steel group Cockerill-Sambre as head of its non-steel subsidiaries, in particular CMI, a loss-making company, where he was CEO. When he left CMI in February 2003, it was a debt-free, growing and profitable engineering and maintenance Group. In March 2003, Mr. Levaux became CEO of ABX Logistics, a multinational logistics group, operating in over 30 countries and headquartered in Belgium. It was a company which had suffered heavy losses since its creation in 1998.

Since 2003, the results have been constantly improved to reach a level that is among the industry's best. In October 2008, ABX Logistics merged with the Danish Group DSV, quoted in Copenhagen.

From October 2008 until June 2016, Mr. Levaux has been Chairman and CEO of Aviapartner. In June 2016 he handed over his daily operational duties as CEO and remains Chairman of the Board. Headquartered in Brussels, Aviapartner is a leading player in ground-handling services for passengers in 38 European airports.

Mr. Levaux is also a director of bpost, FN Herstal, Investsud, Interparking, Sogepa and Hamon.

**Tanuja
RANDERY**



Mrs. Tanuja Randery is an Operating Advisor to private equity firms and was most recently with Apax Partners in London. Before Apax, she was CEO, UK & Ireland for Schneider Electric the global energy management and automation firm, since February 2015. Prior to Schneider, she spent more than 10 years in telecom and Managed Services at Colt Technology Services, a leading pan-european telecoms provider, and most recently at BT Global Services, a €7.0Bn business, as President of Strategy & Transformation. While at Colt, Mrs. Randery led Strategy, Global Accounts, and was also Managing Director of the Benelux business during 2006-2008.

Prior to joining Colt, Mrs. Randery led the Strategy function at EMC Corporation in Massachusetts, USA and was instrumental in a number of key software acquisitions.

Mrs. Randery started her career at McKinsey, the global strategy consulting firm where she spent 7 years specializing in technology and telecoms growth strategy serving leading global companies. Mrs. Randery graduated from Boston University with an MBA and has an undergraduate degree in Economics. She was born and raised in India and now lives in the UK with her husband and son.

**Isabelle
SANTENS**



Mrs. Isabelle Santens was the previous owner and Design Director of Labels of Andres NV, a Belgian fashion company that designs, produces and distributes the ladies clothing brands Xandres, Xandres xline 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 also a Board member in several cultural institutions.

**Agnès
TOURAINÉ**



Mrs. Tourainé is CEO of Act III Consultants, a management consulting firm dedicated to digital transformation. Previously, Mrs. Tourainé served as Chairman and CEO of Vivendi-Universal 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 (since 31 October 2018) 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. Since May 2014 she has been Chairwoman of the Board of Directors of IFA (French Governance Institute).

**Catherine
VANDENBORRE**



Mrs. 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 4000 people, operating with an annual budget of around €545M (2017) and with offices in Belgium, the Netherlands, US, Japan, Taiwan, China and India. Currently, Mr. Luc Van den hove is also 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 key note presentations. Mr. Luc Van den hove received his Ph.D. in Electrical Engineering from the University of Leuven, Belgium.

**Paul
VAN DE PERRE**



Mr. 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 Sunair) and other companies.

He is currently director of Greenbridge Incubator (University of Ghent), Scientific Investment Board (University of Brussels), President of the Board of Directors of CityDepot (a subsidiary of bpost) and member of the Investment Committee of Participatie Maatschappij Vlaanderen (PMV).

Mr. Van de Perre is CEO of Five Financial Solutions (a corporate finance house). Mr. Van de Perre is co-founder of Parinsu (an added value company to mature scale-ups) and member of the advisory Board of several high-tech start-ups. He holds a Master's degree in Economics and several postgraduate degrees.

Members of the Executive Committee

**Dominique
LEROY**



Mrs. Dominique Leroy has been Chief Executive Officer since January 2014 and presides over the Executive Committee of Proximus. She joined Proximus (formerly Belgacom) as Vice President of Sales for the Consumer Business Unit in October 2011 and was appointed Executive Vice President of the Consumer Business Unit of Proximus in June 2012.

Prior to Proximus, Mrs. Leroy worked for 24 years at Unilever. She was Managing Director of Unilever Belux and member of Unilever's Benelux Management Committee. She previously held various positions in marketing, finance and customer development.

Mrs. Leroy is Chairwoman of the Boards of BICS and Be-Mobile and Chairwoman of the International Advisory Board of the Solvay Business School. She is an independent Board member at Ahold Delhaize and Compagnie de Saint-Gobain. She was also independent Board member at Lotus Bakeries until May 2018.

Mrs. Leroy holds a Master's degree in Business Engineering from the Solvay Business School.

**Guillaume
BOUTIN**



Mr. Guillaume Boutin joined the Proximus Executive Committee as Chief Consumer Market Officer in August 2017. With a very strong mix of strategic, financial and marketing experiences in the telecom and the media sectors in France, Mr. Boutin has gained a very deep knowledge and understanding of new market dynamics and business models of these sectors.

Mr. Boutin started his career as strategy consultant and as web entrepreneur. He then joined SFR where he successively held the positions of Director Chairman Office, Chief Financial Officer and Chief Marketing Officer, until he joined Canal+ Group in 2015 as Chief Marketing Officer.

Mr. Boutin is a member of the Board of directors of Scarlet Belgium. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg. Mr. Boutin holds a Master's degree in Business Management from HEC Business School and an Executive MBA from INSEAD.

**Sandrine
DUFOUR**



Mrs. Sandrine Dufour assumed the post of Chief Financial Officer of Proximus on 1 April 2015. In addition to the Finance domains, Sandrine Dufour is also responsible for the Wholesale activities as well as the Group Internal Services. From 1999 to May 2013, Mrs. Dufour held various positions at Vivendi in France and the US; the latest being Deputy Chief Financial Officer and Director of Innovation. Afterwards, she became Executive Vice President Finance & Strategy at SFR. Before that, she held various posts as a financial analyst in France, at BNP and Credit Agricole Cheuvreux (European telecom sector).

Mrs. Dufour holds several degrees from ESSEC Business School, the Société Française des Analystes Financiers, and the Chartered Financial Analyst (CFA) Institute.

Mrs. Dufour was an independent director at the French company Solocal until March 2018. She is a member of the Board of directors of the Proximus subsidiaries BICS, Connectimmo, Be-Mobile, PGS, Proximus Pension Fund, and Proximus Art. Since 1 January 2019, she is also the chairman of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

**Dirk
LYBAERT**



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

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, Proximus Foundation, Proximus Art and Proximus Opal. He also has external mandates at Bednet and Festival van Vlaanderen.

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.

**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 oversees all IT development, service engineering, the fixed and mobile network, technical infrastructure and operations for the Group.

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 also a Board member of Synductis. 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 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 1 January 2019, member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

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 28-year 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 corporate culture transformations.

Mr. Van Acoleyen has a Master's degree in Educational Studies from Leuven University and an Executive MBA from the University of Antwerp. He is an independent member of the Board of directors of SD Worx and Board member of Experience@Work. Within the Proximus group he is board member of BICS, Proximus Foundation, Proximus Pension Fund and is Chairman of the Remuneration Committee of BICS. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg.

**Bart
VAN DEN
MEERSCHE**



Mr. Bart Van Den Meersche is Chief Enterprise Market Officer of Proximus. In 2011, he joined Proximus (formerly Belgacom) following 28 years of experience in the ICT sector with a professional career at IBM, where he held various executive management functions for 16 years and spent eight years as Country General Manager of IBM Belgium/Luxembourg. In his last year at IBM, he was Vice President Industries & Business Development IBM South-West Europe, and a member of the IBM South-West Europe Executive Committee.

For six years, Mr. Van Den Meersche was Chairman of Agoria ICT and a member of the Board of Directors of Agoria, VOKA and VBO.

Within the Proximus Group, Mr. Van Den Meersche is a member of the Board of directors of Proximus SpearIT and Be-Mobile. Since 1 January 2019, he is also member of the Board of Directors of Proximus Luxembourg which is the surviving entity after the merger between Tango and Telindus Luxembourg. He is also a member of the Board of directors of Belgian Mobile ID, a joint venture between the 4 major banks (BNP Paribas Fortis, Belfius, ING and KBC) and the 3 mobile network operators (Proximus, Orange, Telenet/Base).

Mr. Van Den Meersche has a Master's degree in Mathematics from Leuven University.



Non-financial governance

Living up to the commitment of a structured sustainability framework requires a very well-defined organization within Proximus, as our strategic areas stem from different business units. This is also set up to ensure we reach our ambition and have a strong follow up from the higher management.

Thus, for each of the pillars in the strategic areas, an owner is appointed within Proximus.

Our most material topics are also mapped in specific pillars of the sustainability framework. For each material topic, at least one KPI has been defined.

Each pillar and their associated topics & KPIs are reported on quarterly to the executive committee & Board.

The KPIs for each topic and their targets as well as link to the SDGs can be found in the section "Overview of non-financial information".

Compliance

Role of compliance at Proximus

In an increasingly complex legal and regulatory context and a changing business environment, compliance plays an increasingly important role in the business world.

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 does manifest itself.

Our compliance program is a key building block for our Corporate Social Responsibility strategy (more information available in the Sustainability chapter).

All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles using the Proximus Code of

Conduct, as reflected in multiple Group and Company policies and procedures as their guide.

Moreover, our company values aim to inspire our employees in their daily behavior and attitudes.

Ethical behavior is thus not limited to the texts of the Code of Conduct and basic guiding policies and procedures, which only reflect a summary of the main basic principles and are thus not exhaustive.

The Code of Conduct is available on www.proximus.com and www.proximus.be.

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

Ethical behavior and respect for the values are part of the compliance approach within the Proximus Group.

The following efforts have been done in 2018 in order to improve the visibility of the Group Compliance strategy:

- A mandatory e-learning about the General Data Protection Regulation (GDPR) and its principles has been launched during the year
- Continuous communication campaigns towards our staff through the intranet, posters and specific events (e.g. Security week) concerning information security, data classification, working securely,...
- Annual updates of policies, procedures given the fast changing business environment

Strict ethical standards and principles

- Investment in a dedicated data governance tool allowing to document E2E data flows, perform effective data (lifecycle) management and ensure data (quality) by design
- The compliance domains which were the compliance focus areas for 2018 were:
 - Data protection/Privacy
 - Information Security.

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, its purpose and results are described below.

Strategic orientation about diversity & inclusion

Proximus believes that a diverse workforce, through employees' unique capabilities, experiences and all other characteristics unrelated to someone's abilities, will help to

Equal opportunities

reach a more diverse marketplace and will create sustainable business. It is also important to reflect the diversity of our customers and markets in our workforce.

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

With this policy Proximus wants to enable conditions, where these differences are recognized and respected, and where all employees are given equal opportunities. For Proximus, diversity and equality mean:

- Treating all applicants and employees equally, based only on relevant competencies and objective criteria
- Creating an open and welcoming work environment that encourages contributions from people of all backgrounds and experiences
- Promoting a mind-set of respect and openness throughout all levels of the organization and treating all employees fairly and equally

- Demonstrating behaviour 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 the 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 about the importance of diversity at all levels of the organization and concentrates on recruiting employees with an inclusion and growth mindset. Once they are part of the company, we ensure that they are the best ambassadors of our company values by including a part on our inclusion program and philosophy in our welcome days as well as in all related trainings for team leaders, experts, trainees,...

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

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

- 43% of the Board of Directors
- 25% of the Executive Committee
- 21% of the members of the Leadership Team
- 31% of all employees' population.

Proximus Group also has a very diverse workforce in terms of culture with 58 nationalities.

Proximus supports internal and external diversity network activities and initiatives such as the AfroPean network (APN) and WinC (women network). We have a

Diamond Sponsorship in the organization "Women on Board". Our CEO participates in events regarding women at the top and signed the "Pledge", a European Business Leaders' commitment to Inclusion & Diversity. Proximus also ensures ad hoc presence to external events such as "Yes she can", "Digital4Her" and "She loves to code" in order to encourage young girls to choose for engineering studies and a technical career.

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

Proximus wants to create conditions to allow its personnel to reconcile the different aspects of their professional and private life during their different life phases by offering opportunities for internal job change and development opportunities, homeworking, part-time schedules, home child care, ... These measures allow 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.

Working environment standards



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

Diversity as part of Proximus Code of Conduct

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

Successful business must go hand in hand with honest and ethical behaviour. Each employee has a crucial role to play in this matter. This is the reason why the Code of Conduct is in place, representing our corporate culture and values. This Code of Conduct reflects the fundamental principles and rules which are the foundations of our engagement to be a socially responsible company. The Code of Conduct applies to everyone: Board Directors, managers and all employees.

Although the Code of Conduct cannot directly be imposed to our business partners, we seek to always work with partners respecting the same ethical standards.

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

Human rights

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

Working conditions

Proximus is committed to creating working conditions which promote fair employment practices and where 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 Labour 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 labour or any form of forced or compulsory labour as defined by ILO 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.

Regulatory framework

In 2018 as in the previous years, Proximus remained subject to a number of regulatory measures and new important regulations have been approved such as the decisions on the review of the broadband & TV market analysis as well as the new EU telecom Code that overhauls the previous EU framework.



Cable & Broadband Regulation

After the green light granted by the European Commission end-May, the Belgian regulators published on 29 June 2018 their final decisions on the review of the broadband and television market analysis. The new decisions confirm the deepening of the cable regulation and the extension of Proximus' regulation from its copper to its fibre network. Proximus' planned network topology is not impacted by these decisions.

Overall the new fibre regulation is in line with the wholesale strategy of Proximus to open its networks to other operators, and therefore no negative implications are expected in the near term. During the past years Proximus developed and evolved its wholesale offer and signed several commercial agreements with its main broadband wholesale customers.

Cable operators are obliged to give access to a stand-alone broadband service, without the television service. Under the previous decision (2011), they only had to provide access to a

joint broadband and television resale offer. Cable operators are also required to make it possible for alternative operators to provide voice telephony services via the regulated access

In terms of fibre pricing, the regulators have imposed a "fair pricing" (i.e. price based on current costs, increased with a reasonable profit margin), be it as a yard stick to identify excessive pricing. This principle is also applied to cable (was based on "retail minus" under former market analysis). The obligation to apply these fair prices must be monitored by means of cost models reflecting the costs of an efficient operator. In this context the BIPT launched on 13 December 2018 a consultation on the cost models that will be used to evaluate the fair pricing. The regulators announced that they will take a decision on the wholesale prices in 2019. In the meantime, the intermediary tariffs set by the decisions of June 2018 remain applicable.

The decisions have also established a clear framework for reciprocal access between cable and fibre. It was also confirmed that

Proximus is allowed to access cable where there is no own coverage (and no viable business case to build).

The regulation also allows for differentiation according to geographic area. It will take a lighter touch in areas where at least three operators, based on own infrastructure, offering at least 30 Mbps are active, as well as in areas lacking broadband infrastructure, in order to encourage investment.

Both Telenet and VOO (Brutélé and Nethys) lodged an appeal against these decisions and are demanding for the suspension and annulation. The Court has rejected the suspension request. A judgment on the annulation request is expected in 2019.

The 'high quality broadband services' (leased lines/connectivity) are not addressed in these decisions (review planned in the course of 2019).

Spectrum

Multi-band auction

In preparation of the upcoming multi-band spectrum auction, the Belgian Government approved, in July 2018, the different Royal Decrees defining the conditions for the renewal of the existing 2G/3G spectrum (900, 1800 and 2100 MHz licenses due to expire on 21 March 2021) as well as for the granting of new 5G spectrum (700 MHz,

1400 MHz and 3500 MHz) and unsold spectrum in the 2100 and 2600MHz bands.

Based on the July 2018 proposals, all licenses will be valid for 20 years with the possibility to extend by 5-year periods. The total reserve price (minimum price) is around EUR 670 million for the whole market, with the final outcome fully depending on the result of the auctions.

These proposals also include conditions favourable for new entrants (spectrum reservation in the 700MHz, 900MHz, 1800MHz and 2100MHz bands, national roaming obligation and less stringent coverage obligations).

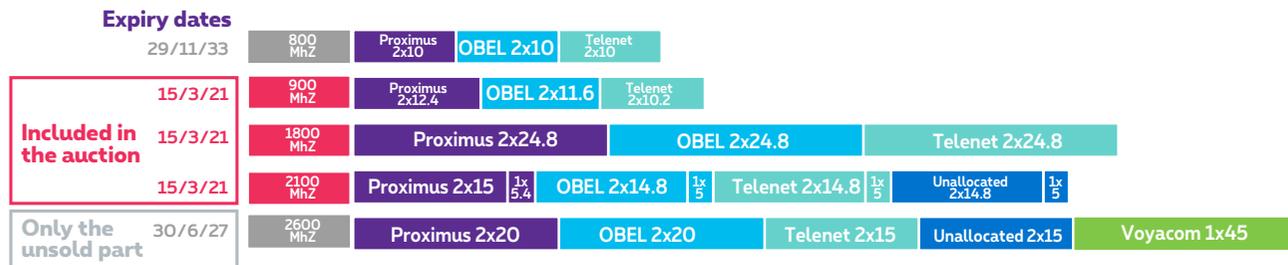
Some spectrum would also be reserved for the existing operators in the 900, 1800 and 2100 MHz bands. The amount of spectrum reserved would depend on the presence or not of a new entrant.

Specific conditions would also be imposed to the 700 MHz operators concerning the railway coverage and the provision of national roaming and specific services for Astrid (the operator in charge of the management of all emergency and security services in Belgium).

As the final texts have not been approved yet, the timing and the final conditions of

Overview of the overall spectrum holdings and the bands to be included in the auctions

Current spectrum holdings



Future spectrum

Proposed expiry dates



The spectrum auction will include 80% of all available mobile spectrum

the auctions remain uncertain. Depending on timing of final approval of the texts (before or after the elections planned in May 2019), the spectrum auction could be organized either end of this year or could be further postponed.

Termination Rates

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.

On 23 November 2018, the **BIPT** defined new **Fixed Termination Rates (FTR)** at 0.116 eurocent/min (from 0.709 eurocent for regional and 0.909 eurocent for national previously) based on a pure LRIC “Long Run Incremental cost” model. The FTR have been applicable since 1 January 2019. Local call termination is no longer considered since Proximus closed the last local access points in 2017. Other measures imposed by the BIPT decision include an access obligation on the basis of IP interconnect, transparency and non-discrimination. In addition, Proximus is subject to an obligation of cost accounting and publication of a reference offer.

In **Luxembourg**, a Regulation of 28 November 2016 decreased the maximum FTR to 0.131 eurocent/min for 2017 (from 0.14 eurocent/min previously), 0.135 eurocent/min for 2018 and 0.138 eurocent/min for 2019.

The **Mobile Termination Rates (MTR)** remained unchanged in 2018. In **Belgium**, they have been set at 0.99 eurocent/min for the period 2017-2019 by the BIPT and in **Luxembourg**, they have been set at 0.89 eurocent/min since 1 July 2017 until 31 December 2019.

International roaming

The **“Roam-Like-At-Home” (RLAH)** that completely abolished the roaming surcharges

has been applicable since June 2017. Since then all Proximus customers can surf, call and text within the European Union like at home, without extra charges within the “Fair Use Policy” (FUP) aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU. An interim report presented by the European Commission on 14 December 2018 shows that mobile data roaming usage in the EU has increased five-fold since the introduction of RLAH.

In 2017 a decision to gradually reduce **roaming wholesale prices** over five years was also taken as follows:

The Commission will present a comprehensive report on the review of the RLAH rules in December 2019. It is also tasked with

reviewing the wholesale rates every two years. Its first report, which, if necessary, will be accompanied by a legislative proposal to amend the maximum wholesale charges, is scheduled for 15 December 2019.

Fixed Telephony Regulation

On 7 December 2018, the BIPT took its final decision deregulating the fixed retail access and the wholesale call origination markets and withdrawing the obligations imposed to Proximus on these markets in 2013 and 2006 respectively. The decision entered into force on 1 February 2019. Proximus committed to add an addendum to its BRIO reference offer, where it explains that it will continue

Wholesale roaming caps (€ excl. VAT)

	2015	30/04/16	15/06/17	2018	2019	2020	2021	2022
Voice call/min	0.05	0.05	0.032	0.032	0.032	0.032*	0.032*	0.032*
SMS	0.02	0.02	0.01	0.01	0.01	0.01*	0.01*	0.01*
Data/GB	50	50	7.7	6	4.5	3.5*	3*	2.5*

* 2020 tariffs and beyond subject to Commission review

to offer Carrier Selection (CS) and Carrier Pre-selection (CPS) services on a voluntary basis until 31 December 2022, except if some conditions have been met in the meantime and that it will continue to offer the VAS services until 31 December 2019.

Consumer protection

As in the previous years, end-users' matters remained under regulatory scrutiny in 2018.

The new obligations concerning the **non-payment of invoices** introduced by the law of 31 July 2017 modifying the e-com law of 2005 entered into force on 1 July 2018. The law foresees that the first reminder must be for free and a ceiling of EUR 10 is set for the subsequent reminders. The fee for the reactivation of the services after a full cut is capped at EUR 30 for all services.

A Royal Decree of 2 September 2018 has set the legal basis for the automatic introduction of the recent usage data of a consumer in

the **BIPT tariff simulator**. This new rules aim at allowing the clients to identify more easily their "*best tariff plan*", based on their real usage profile. The operators will have to put an URL (for each service) at the disposal of their clients in their e-services. The new Royal Decree also foresees a link from the tariff simulator into the client zone of the operator allowing to transfer the usage data to the tariff simulator.

A Royal Decree of 12 December 2018 has established the responsibilities of the telecom operators and the service providers concerning the **premium rates services**. The rights of the consumers are being reinforced entitling them to receive refund for undue payments via their telecom operator..

Through its "**Atlas**" project, the BIPT publishes maps showing the coverage of the mobile and fixed networks. On 15 February 2019, the Atlas has been complemented by information concerning mobile customer experience.

The mobile maps enable the customers to verify the coverage of each of the three mobile operators (Telenet/Base, Orange and Proximus), individually or together, on the map of Belgium. On 15 February 2019, the BIPT published the latest edition of its maps showing for the first time different coverage levels (very good/deep indoor, good/indoor, satisfactory/outdoor) instead of one layer previously. The new maps show that Proximus has the most extensive coverage for both 4G and 3G. These maps are accompanied by the results of a study comparing the quality of the experience offered by the three mobile operators. These results show that Proximus performs best for a large number of KPIs. A new smartphone application now also allows citizens to participate in the coverage and quality measurement.

Net Neutrality

"*Net neutrality*" represents the idea that equivalent types of traffic should be treated

equally when providing internet access services.

The EU Telecom Single Market Regulation of 25 November 2015 fixes the principle of Net neutrality into EU law and prevents any kind of discrimination in the provision of online content, applications and services. This Regulation has been completed by Guidelines issued by the Body of European Regulators, BEREC, and aimed at providing guidance to the national regulators. The Guidelines cover issues related to commercial practices (such as "*zero-rating*", i.e. apps not counted in the data allowance), traffic management measures and specialized services. They also define how regulators should realize their supervision, enforcement and reporting duties.

The European Commission has to prepare a first reporting on the implementation of the Regulation to the European Parliament and Council by end April 2019. The report should also evaluate the Regulation - and

Through its
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The BIPT is closely monitoring how the offers of the different operators comply with the EU Net Neutrality rules

if relevant - suggest adaptations to this Regulation. BEREC on its side issued a report on 13 December 2018 stating that the Regulation and the Guidelines are working well. Nevertheless, BEREC considers that its Guidelines could be clarified in certain aspects such as zero-rating, traffic management or specialized services. A draft update of the Guidelines will be issued in the course of 2019.

In Belgium, the BIPT is also closely monitoring how the offers of the different operators comply with the Net Neutrality rules. Its second annual monitoring report published in June 2018 concluded that there are no major reasons for concern in Belgium as regards open Internet access.

Review of the EU regulation

EU Telecom Review

The EU Telecom review, the so-called

“*European Electronic Communications Code*” (Code) was published in the Official Journal of the EU on 17 December 2018. The Code overhauls the previous EU telecoms regulation. It entered into force on 20 December. Member states have until 21 December 2020 to transpose it into national law. This text will determine the regulation of telecommunication networks and services in Europe for the next decade.

In the margin of the Code, the European legislators also adopted an **amended Regulation on BEREC** and a Regulation inserting **caps on intra-EU calls and SMS prices** (calls and SMS to another EU country). The new caps will take effect from 15 May 2019 at 19 eurocents/minute for calls and 6 eurocents/min for SMS.

On **spectrum**, it has been decided to set a minimum duration of 15-year for the licenses with 5-year extensions as well as to perform a voluntary peer review process for the spectrum auctions as part of efforts to

coordinate spectrum terms more across the EU. 5G spectrum should be made available before end 2020.

The Code also foresees **new access regulation measures** designed to support the roll-out of fibre, such as an exemption of ex-ante regulation for operators with Significant Market Power (SMP) committing to co-investment plans and a so-called “*symmetric regulation*” on oligopoly markets imposing rules on non SMP operators if SMP ex-ante regulation is deemed not sufficient.

Consumer protection is characterised by harmonisation and broadening but many of new elements are inspired by rules that have already been imposed in Belgium (e.g. rules related to switching of customers between providers, called “Easy Switch” in Belgium).

The future **Universal Service** will be limited to access to network and social tariffs. An adequate and affordable connection on a fixed location for broadband internet remains at the center of the Universal Service. The Code leaves it up to the Member states

to define the adequate broadband speed taking into account several factors (in Belgium currently set at 1 Mbps). Financing will be possible through the general state budget or shared among operators (industry fund). Requirement of determination of an unfair burden remains.

Review of the Audio-visual Media Services Directive

On 28 November 2018, the new Audio-visual Media Service (AVMS) Directive was published. The new text modifies a directive from 2010. Since then, the market for these services has evolved significantly. Rapid technical developments have sparked new types of services, viewing habits have changed and user-generated content has gained in importance. The legal framework has been updated to take account of these developments.

The new Directive addresses now Video-sharing platforms (such as YouTube and audiovisual content shared on social media services, such as Facebook) that will have

to comply with certain rules on commercial communication/advertising and to restrict minors’ access to harmful content.

New quotas are set for on-demand services (at least 30% share of European content in the catalogues). The rules to protect minors are aligned for all services (linear and on-demand) and the accessibility obligation for disabled users are strengthened. To be noted in this respect that the Belgian CSA has adopted on 17 July 2018 new measures to increase accessibility of programs (quotas of programs with specific subtitling and audio-description).

The new Directive entered into force on 18 December 2018. Member states have to transpose it into their national legislations within 21 months.



The new EU Code will determine the regulation of telecommunication networks and services in Europe for the next decade

Risk management report



Most important risks and uncertainties

Taking risks is inherent to doing business, and successfully managing risks delivers a return to Proximus stakeholders. Proximus believes risk management is fundamental to corporate governance and the development of sustainable business.

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation. A structured risk management process allows management to take risks in a controlled manner. Financial risk management objectives and policies are reported in Note 33 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 35 of these statements.

The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. Please note that this is not intended to be 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.

Proximus' ERM framework was reviewed and updated in 2017 to align with the market

The market is in constant evolution,

with competitive dynamics at play that might impact market value going-forward

best practices. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- [Competitive market dynamics](#)
- [Business model and servicing evolution](#)
- [Employee skills and motivation](#)
- [Customer experience](#)
- [Human Resource cost flexibility.](#)

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. mobile data, security, IOT, smart mobility, and 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, competitors entering new segments of the market) that might impact market value going-forward. Specifically, the market structure could change significantly with the possible entry of a new mobile operator on the market, supported by favourable conditions set in the upcoming spectrum auction. Sector federation Agoria estimates 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 €200 M - €350 M.

Substitution of fixed line services by OTT services (e.g. by apps and social media such as Skype, Facebook, WhatsApp, etc.) and TV content could put further pressure on revenues and margins, as these over-the-top services continue to gain ground.

As a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+), Proximus has been consistently improving its multi-play value propositions by putting more customers on the latest technologies, maintaining its lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & Kids with the Studio 100 agreement, etc), developing an omnichannel strategy and improving digital customer interfaces, etc. Proximus has established an advantageous and solid competitive position, providing the company with other levers besides price, reducing the risk to churn and price disruption exposure. Proximus also successfully launched a new mobile offer, Epic, targeted at the millennial segment, with a specifically designed offer to meet the mobile needs of these customers.

Proximus is also responding through a convergent and bundled approach and by offering new services and opting for an aggregator model, putting the best content at the disposal of its customers (e.g. Netflix).

The price-sensitive segment, which has continued to rise in 2018 as more consumers seek no-frills offers at a lower price, is successfully addressed through its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

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

Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Proximus has developed specific solutions to accompany our customers in the transition to both local and cloud-based communication services, leveraging our various assets to offer simple, reliable and technologically

advanced solutions to meet our customers' communication needs. Furthermore, Proximus also seeks to answer new customer business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data, which will help preserve value.

Business model and servicing evolution

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

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 capabilities to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud, and managed security solutions.

Proximus continuously explores ways to diversify revenue streams outside the classical connectivity business. Examples include our rapidly growing IoT business (including adjacent services), our EnCo platform, smart advertising and smart mobility (through our B-Mobile subsidiary among others). In these adjacent domains Proximus explores new partnership models and considers inorganic growth paths.

Employee skills and motivation

In the digital era, knowledge workers are a competitive asset if they have the right skills and mindset. Proximus could face a shortage of skilled resources in specific domains such as security, digital front-ends, data science, and agile IT. This shortage could hamper the realization of our #shifftodigital and

customer-centric strategy, and delay some of our ambitions in innovation. In addition, we need to upgrade skills in customer-facing and other functions to become digitally oriented.

This is why the company is paying so much attention to training programs, internal mobility, hiring of young graduates from relevant fields, and employer branding.

In this context, it is also essential for Proximus to adapt its way of working to the needs and requirements of the new generation – the “millennials” – and to manage all talents within an inclusive, multi-generational environment.

Considering the imperative to align skills with customer and business needs, Proximus has taken the necessary steps to identify the skills that will be critical for facing tomorrow's challenges, and to discover, develop and share talents in order to have the right talent in the right place. Proximus also continues to invest in leadership, a collaborative work environment, digitalization, and development in order to stimulate a company culture that nurtures a growth mindset, new ways

of working, and our five company values: the digital mindset, customer centricity, accountability, collaboration and agility.

Customer experience

For Proximus, delivering a superior customer experience is a core strategic mission, but also an ongoing risk domain, considering:

- the fast evolution of market expectations
- the large and complex offer of products and services
- the process/legacy IT application complexity.

Proximus is committed to meeting its “Always close” brand promise by transforming into a digital-first service provider and delivering a superior customer experience: a consistent and intuitive experience across interactions, a high-quality stable network, easy-to-use products and services, a good recommendation index, and low effort on all interactions in all customer journeys.



The customer experience is the key focus of Proximus' strategy, which is implemented through key transformational initiatives such as "End-to-End Journey Evolution", "Voice of the Customer", and business as usual activities. With these initiatives, we aim to:

- ensure products and services are designed to match customer expectations before a launch
- maximize usage satisfaction of products and services with focus on in-home and in-office experience
- design or redesign end-to-end customer journeys, ensuring a personalized and effortless interaction with the Proximus brand
- create and maintain a continuous dialogue with our customers to engage with them and evolve towards a real customer-centric company
- react more quickly when we do not deliver a first-time right experience or even proactively address an issue before the customer notices it.

A few examples of what has already been achieved:

- massive upgrading of customers to the latest technology
- "Happy House" visits to improve the in-home experience
- "Safety nets" for customers at risk via 360° multi-skilled transversal teams
- multi-objective calls and e-mails to proactively address customers at risk
- improvement of our digital channels and tools, such as "MyProximus" app redesign, new "Home optimizer" app, etc
- launch of the new Wi-Fi booster to improve Wi-Fi coverage in the home
- redesign of customer journeys.

Human resource cost flexibility

Even though Proximus has been on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution

mean that it needs to further reduce costs in order to remain competitive and preserve EBITDA. A significant portion of Proximus' expenses is still driven by the cost of the workforce (whether internal or outsourced, expensed or capitalized). Expressed as a ratio of turnover, Proximus' total cost of workforce still lies well above the average of international peers and main competitors, even if steady progress has been made in recent years.

Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in four employees is a statutory employee. The application of HR rules as defined during successive Collective Agreements is quite strict and doesn't allow for as much flexibility as competition. This restricts Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2018, another wave of employees left the company under the voluntary early leave plan that was agreed by the unions in 2016.

But in the future, major efforts will be needed to increase organizational flexibility and agility.

That's why we intend to accelerate our transformation in the next three years, to become an increasingly digital company with an agile and efficient organization.

First, Proximus will continue to adapt and simplify its organizational structure in order to evolve towards a high-performance organization by transforming the way we work.

In addition, different initiatives (drastic simplification and/or automation of Proximus' products, services, processes and systems) will optimize and safeguard the balance between workforce and workload (both in numbers and competencies). The objective is to adapt workforce cost and HR rules to Proximus' future needs, so that we remain competitive and can evolve with customers' needs.

In this respect, discussions with the unions are aimed, on one hand, to adapt workforce to workload, and on the other, to simplify the current social model, enhance functional and geographical mobility, increase HR flexibility, and further optimize the balance between insourcing and outsourcing. This will improve our productivity, flexibility and agility on the market.

Operational risks

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

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

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

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

- resilience and business continuity
- legacy network infrastructure
- security (confidentiality, integrity, availability)
- sourcing and supply chain reliability
- data protection and privacy.



Proximus is closely following the **international standards best practices guidelines**

Business continuity

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

Therefore, building and ensuring the resilience of our products and services is and remains a top priority. We are convinced that our business continuity plans will keep our company up and running through interruptions of any kind:

power failures, IT system crashes, natural disasters, supply chain problems, and more.

For each critical business function, business continuity plans have been developed in order to:

- identify and prevent risks where possible
- prepare for risks that we can't control
- respond and recover if an incident or crisis occurs.

For each critical product and service, a relevant Maximum Tolerable Period of Disruption (MTPOD) has been defined in line with the sales business unit requirements.

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.

In case of a major adverse event, Proximus has put in place and is continuously testing a crisis management process called PERT (Proximus Emergency Response Team).

Cyber security

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

We are taking the necessary actions and making investments to mitigate those risks by employing a number of measures, including employee training, monitoring testing, maintenance of protective systems and contingency plans.

Legacy network infrastructure

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

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

Proximus is among the world's top five operators

for the proportion of Fiber in its VDSL network with over 21,000 kilometres of optical fiber connecting its street cabinets

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

In the last two years, Proximus has accelerated the roll-out of fiber on its fixed network, thanks to its "Fiber for Belgium" €3 billion investment plan over 10 years.

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

Sourcing and supply chain

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

Supply chain risk management (SCRM) is defined as "the implementation of strategies to manage both everyday and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing

vulnerability and ensuring continuity".

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

- top critical suppliers or their sub-suppliers under constant watch
- stock management
- consideration of alternative sourcing arrangements
- business interruption / contingency plans
- risk assessments and audits
- awareness campaigns and training programs
- strict follow-up of critical suppliers' contractual liability and Service Level Agreement (SLA) clauses
- data protection & privacy.

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 data for business purposes. Keeping personal data confidential, private, safe and secure is a top priority for Proximus.

Under the General Data Protection Regulation (GDPR), the unification of data protection standards across the European Union has raised the privacy bar on personal data by requiring organizations to locate data, understand its purpose and appropriately secure it.

In 2018, Proximus continued the GDPR implementation project it started in 2017. Our objective was to ensure compliance with GDPR without disruptions to Proximus data flow and business operations. More than 150 people were directly involved in the project and approximately 500 others were involved in surveys, questionnaires, assessments, etc.

As part of our commitment to protect personal data and privacy, we took a series of actions such as appointing a Data Protection Officer (DPO), developing a consent management structure, security screening, and corrective measures for our IT applications.

We also implemented a Privacy Control Framework to provide assurance that personal data is managed as intended, is accurate, protected by default and by design, and that our organization is compliant with applicable laws and regulations and able to demonstrate this.

The GDPR implementation will remain on the agenda for 2019. We aim to optimize our internal processes to allow an efficient privacy by design/default approach. Proximus will further extend the privacy settings within the MyProximus app and website to allow customers to efficiently choose how Proximus can use their personal data.

Risk Management and Compliance Committee

In 2018, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to EXCO 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: 1. To oversee the company's most critical enterprise and operational risks and how management is monitoring and mitigating those risks; 2. To enhance pending/open internal audit action points which remain open for more than six months.

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

Internal Audit

In line with European 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 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 and other professional standards, are to ensure:

- the effectiveness and adequacy of internal controls
- operational effectiveness (doing it right) and/or efficiency (doing it well)
- compliance with laws, regulations and policies
- the reliability and the accuracy of the information provided.

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

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

Financial reporting risks

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

New transactions and evolving accounting standards

New transactions can have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment can result in financial statements which do not provide

a true and fair view any more. 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 performed from the point of view of financial-reporting, risk-management, treasury, and tax. In addition, the development requirements for the financial systems are defined in a timely manner and compliance with internal and external standards is systematically

analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori controls. The Audit and Compliance Committee (A&CC) and the Executive Committee are informed on a regular basis about new and upcoming financial reporting standards and their potential impact on Proximus' financials.

Changes in tax law and regulations

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

The tax department continuously monitors potential changes in tax law and regulations, as well as interpretations of existing tax laws by the tax authorities. Based on laws, doctrine, case law and political statements as well as available draft laws, etc., a financial

and operational impact analysis is performed. The outcome of the analysis is reflected in the corresponding financial statements, in accordance with the applicable framework.

Financial statement closing process

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

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

For Proximus and its major subsidiaries, a highly detailed closing calendar is drawn up, which includes a detailed overview of cross-divisional preparatory meetings, deadlines for ending specific processes, exact



dates and hours when IT sub-systems are locked, validation meetings and reporting deliverables.

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, and detective controls, where the outcome of the processing is analyzed and confirmed. Special attention is paid to reasonableness tests, where financial information is analyzed against underlying

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

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 2018

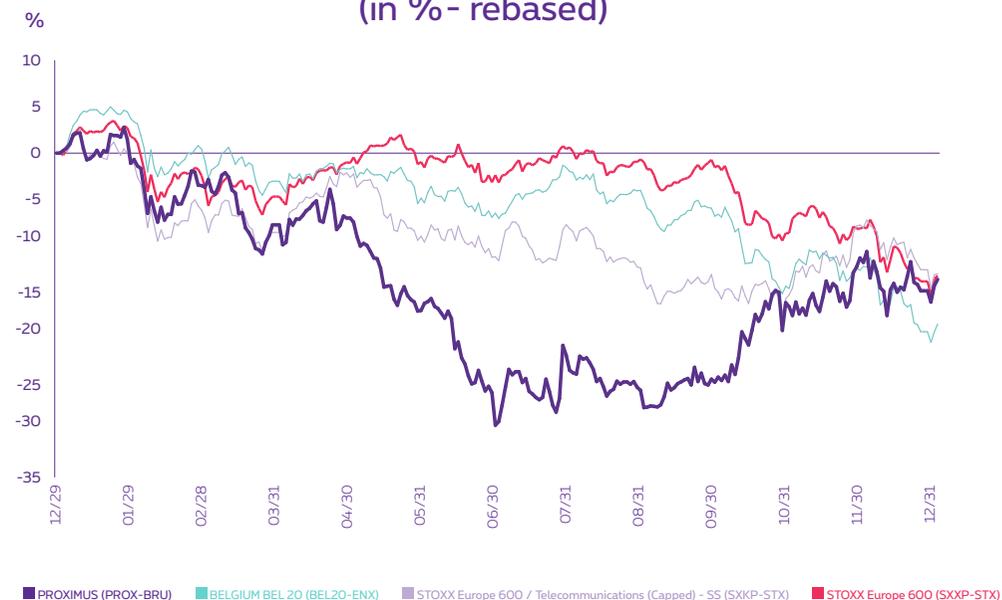
The Proximus share closed 2018 at EUR 23.62, -13.6% compared to the last closing price of 2017. This relates to a 13.2% decline for the European Telecom sector (STOXX EUR 600 Telecom).

After a disappointing 2017, the European telecoms market performance continued its negative pattern during the first nine months of 2018. Trade war fears, regulatory interventions and competition concerns were the main drivers of this rough patch. Belgian

telecom companies hit a long time low over the 2018 summer months following the news on Belgium opening the path for a potential fourth mobile operator. The downward trend for European telecoms was turned around in the last quarter, supported by sector rotation, with the PROX share also benefitting from this trend. The telecom sector was also helped by a more positive sentiment on pricing and competition, a slight improvement on regulation, a renewed focus of the sector on cost reduction and easing concerns on capex.



Proximus share price evolution 2018 vs. 3 indices (in %- rebased)



Key figures on the Proximus share

Share information	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 IAS18	2018 IFRS15
Share price high	28.65	29.11	27.64	24.60	23.25	32.29	35.67	31.74	32.81	28.1	28.1
Share price low	21.67	24.31	21.40	20.80	16.32	20.78	27.93	25.31	26.42	19.31	19.31
Share price at 31 December	25.32	25.13	24.24	22.21	21.55	30.1	30	27.36	27.35	23.62	23.62
Annual trading volume (number of shares)	181,364,309	138,569,376	148,786,324	142,139,111	189,753,834	178,802,905	179,825,076	157,368,090	147,754,799	169,849,252	169,849,252
Average trading volume per day (number of shares)	708,454	532,959	578,935	555,231	744,133	701,188	702,442	612,327	579,431	650,763	650,763
Number of outstanding shares	320,614,683	321,482,641	317,648,821	318,321,665	319,204,181	321,230,597	322,003,751	322,637,103	322,638,989	322,703,817	322,703,817
Weighted average number of outstanding shares	320,475,553	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821	322,317,201	322,777,440	322,649,917	322,649,917
Market capitalization at 31 December (billion EUR) ¹	8.12	8.08	7.70	7.07	6.88	9.67	9.66	8.83	8.82	7.62	7.62
Key data per share - on reported basis											
EBITDA	6.14	7.56	5.93	5.62	5.33	5.48	5.12	5.38	5.49	5.57	5.56
Earnings ²	2.82	3.94	2.36	2.24	1.98	2.04	1.50	1.62	1.62	1.57	1.58
Price/earnings at 31 December ³	8.98	6.37	10.26	9.92	10.9	14.73	20.03	16.86	16.90	15.07	15.00
Ordinary dividend (gross)	1.68	1.68	1.68	1.68	1.68	1.00	1.00	1.00	1.00	1.00	1.00
Interim-dividend (gross)	0.40	0.50	0.50	0.81	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Gross dividend yield ³	8.20%	8.70%	9.00%	11.20%	10.10%	4.98%	5.00%	5.48%	5.48%	6.35%	6.35%
Key data per share - on underlying basis											
EBITDA	NA	NA	NA	NA	NA	5.15	5.38	5.57	5.65	5.78	5.78
Earnings	NA	NA	NA	NA	NA	1.85	1.68	1.71	1.72	1.71	1.71
Price/earnings at 31 December	NA	NA	NA	NA	NA	16.28	17.87	15.96	15.92	13.84	13.78

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

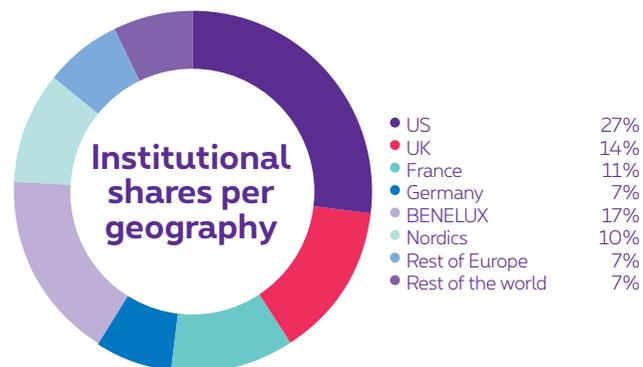


Our Shareholders

Proximus' main shareholder is the Belgian Government, owning 53.5% of the company's shares. Proximus itself held 4.5% of its own shares end-2018. The free float represented 42%.

Proximus share ownership – 31 December 2018

	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%	55.91%	180,887,569	180,887,569
Proximus own shares	15,321,318	4.53%	0.00%	0.25%	0	820,036
Free-float	141,816,248	41.95%	43.95%	43.83%	141,816,248	141,816,248
Total	338,025,135	100.00%	100.00%	100.00%	322,703,817	323,523,853



Source : Shareholder analysis October 2018
% of identified institutional shareholders - Nasdaq

About 20% of the shares in free float are held by retail investors. The remainder are essentially held by institutional shareholders. Proximus' main institutional shareholders are located in the United States and the Benelux, followed by the UK and France.

Evolution of treasury shares

End of period 2017	15,386,146
Options exercised during 2018	-38,398
Discount Purchase Plan employee	-14,431
End of period 2018	15,321,318

End-2018, Proximus held 15,321,318 treasury shares, representing 4.5% of the total number of shares. In the course of 2018, 14,431 treasury shares were used in a Discounted Share Purchase Plan, and 38,398 options were exercised¹.

The voting rights of the treasury shares are suspended by law. The dividend rights of the treasury shares acquired in 2004 are also suspended, whereas the dividend rights for shares acquired as from 2005 are cancelled.

Under Belgian law, companies are prohibited from owning more than 20% of their outstanding share capital.

¹ For more information, please refer to the 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 2018, Blackrock Inc. notified of the following changes in their shareholding in Proximus.

To Proximus’ knowledge, no other shareholder owned 3% or more of Proximus’ outstanding shares as at 31 December 2018.

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	
				nr of voting rights after the notified transaction:	% of voting rights in total of 338,025,135 voting rights	nr of voting rights after the notified transaction:	% of voting rights in total of 338,025,135 voting rights
27/11/18	29/11/18	Blackrock Inc.	<5%	15,666,723	4.63%	17,691,851	5.23%
29/10/18	30/10/18	Blackrock Inc.	>5%	17,058,049	5.05%	17,846,928	5.28%
23/10/18	25/10/18	Blackrock Inc.	<5%	16,868,244	4.99%	17,621,124	5.21%
22/10/18	24/10/18	Blackrock Inc.	>5%	17,156,189	5.08%	17,909,069	5.30%
05/10/18	09/10/18	Blackrock Inc.	<5%	16,712,390	4.94%	17,449,541	5.16%
27/09/18	28/09/18	Blackrock Inc.	>5%	16,998,949	5.03%	17,838,794	5.28%
14/09/18	17/09/18	Blackrock Inc.	<5%	16,726,531	4.95%	17,436,969	5.16%
13/09/18	14/09/18	Blackrock Inc.	>5%	17,114,357	5.06%	17,833,465	5.28%
12/09/18	14/09/18	Blackrock Inc.	<5%	16,729,804	4.95%	17,457,552	5.16%
07/09/18	10/09/18	Blackrock Inc.	>5%	17,020,815	5.04%	17,759,388	5.25%
05/09/18	07/09/18	Blackrock Inc.	<5%	16,753,637	4.96%	17,461,869	5.17%
04/09/18	06/09/18	Blackrock Inc.	>5%	17,076,955	5.05%	17,765,735	5.26%
31/08/18	03/09/18	Blackrock Inc.	<5%	16,773,168	4.96%	17,428,217	5.16%
14/08/18	16/08/18	Blackrock Inc.	>5%	17,235,394	5.10%	17,693,079	5.23%
13/08/18	14/08/18	Blackrock Inc.	<5%	16,761,218	4.96%	17,239,293	5.10%
06/08/18	08/08/18	Blackrock Inc.	>5%	17,279,581	5.11%	17,782,936	5.26%
27/07/18	30/07/18	Blackrock Inc.	<5%	16,804,133	4.97%	17,441,607	5.16%
09/07/18	11/07/18	Blackrock Inc.	>5%	16,921,087	5.01%	17,636,051	5.22%
06/07/18	10/07/18	Blackrock Inc.	<5%	16,893,845	5.00%	17,720,839	5.24%
04/07/18	06/07/18	Blackrock Inc.	>5%	17,008,707	5.03%	18,011,814	5.33%
02/07/18	04/07/18	Blackrock Inc.	<5%	16,671,308	4.93%	17,706,087	5.24%
29/06/18	03/07/18	Blackrock Inc.	>5%	16,961,515	5.02%	18,041,868	5.34%
20/06/18	21/06/18	Blackrock Inc.	<5%	16,739,961	4.95%	17,882,340	5.29%
19/06/18	21/06/18	Blackrock Inc.	>5%	16,930,915	5.01%	18,024,431	5.33%
18/06/18	19/06/18	Blackrock Inc.	<5%	16,740,292	4.95%	17,833,808	5.28%
15/06/18	18/06/18	Blackrock Inc.	>5%	17,055,730	5.05%	18,105,219	5.36%
13/06/18	18/06/18	Blackrock Inc.	<5%	16,776,472	4.96%	17,731,990	5.25%
12/06/18	14/06/18	Blackrock Inc.	>5%	16,903,699	5.00%	17,821,224	5.27%
24/05/18	25/05/15	Blackrock Inc.	<5%	16,794,486	4.97%	17,603,426	5.21%
23/05/18	25/05/15	Blackrock Inc.	>5%	16,941,949	5.01%	17,750,889	5.25%
03/05/18	07/05/18	Blackrock Inc.	>5%	16,331,329	4.83%	17,021,352	5.04%
01/05/18	03/05/18	Blackrock Inc.	<5%	15,377,072	4.55%	16,560,792	4.90%
30/04/18	02/05/18	Blackrock Inc.	>5%	16,079,165	4.76%	17,257,434	5.11%

Shareholder remuneration

Shareholder return policy

Proximus commits to an attractive shareholder remuneration policy by returning, in principle, most of its annual free cash flow to its shareholders.

The return of free cash flow either through dividends or through share buybacks will be reviewed on an annual basis 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.

Shareholder return from the financial year 2018

On 28 February 2019, the Board of Directors approved to propose to the Annual General

Shareholder meeting of 17 April 2019 to return over the result of 2018 a gross dividend of EUR 1.50 per share, of which EUR 0.50 interim dividend per share was paid in December 2018.

After approval by the Annual Shareholder Meeting, the normal dividend of EUR 1.00 per share will be paid on 26 April 2019, with record date on 25 April 2019 and ex-dividend date on 24 April 2019.

This brings the total declared dividend over the result of 2018 to EUR 484 million.

In line with the announced 3-year commitment on 16 December 2016, Proximus expects to return over the result of 2019 a stable gross dividend per share of €1.50.

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 or investor/analyst presentation during which maximum time is reserved for a "questions & answers" session. Twice a year, typically following the full-year and half-year results, Proximus organizes a roadshow with top management covering the most important money centers of Europe

and the United States. Furthermore, Proximus has participated in several major international investment conferences. In between these events, meetings and conference calls are held with senior management. 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 calendar*

11 April 2019	Start Quiet period ahead of Q1 2019 results
17 April 2019	Annual Shareholders' meeting
3 May 2019	Announcement of Q1 2019 results
8 July 2019	Start Quiet period ahead of Q2 2019 results
30 July 2019	Announcement of Q2 2019 results
7 October 2019	Start Quiet period ahead of Q3 2019 results
25 October 2019	Announcement of Q3 2019 results

* Dates may be subject to change

Remuneration Report



The remuneration policies of the Directors and of the Executive Committee are inspired by current legislation, by the corporate governance code and by the market practices and trends. Our company is taking particular care to provide relevant and transparent information on the principles and the level of remuneration of the members of the Board of Directors and of the Executive Committee, as well as an overview of the key elements of the remuneration policy of the Proximus Group.

Remuneration of the members of the Board of Directors

Director's remuneration policy

The principle of continuity with the past has been maintained. The policy adopted by the General Assembly of 2004 has remained applicable in 2018 and no substantial change of the policy is expected for the coming two years.

The CEO, Mrs. Dominique Leroy, who is the only executive Director, is not remunerated for the exercise of her 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 remuneration policy of the non-executive Directors 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. All members of the Board of Directors 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. For the Chairman of the respective advisory

committee, these attendance fees are doubled. These amounts, defined in 2004, have remained unchanged since then and are not subject to indexation.

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.

These remunerations are granted on an annual basis pro rata temporis of the duration of the mandate during the year in question and are paid semi-annually.

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

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandendorre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates.

Overview of the Directors' remuneration

The total amount of the remunerations granted in 2018 to all the members of the Board of Directors, Chairman included, is amounting to gross EUR 1,000,499.

The individual Directors' gross amounts paid out to the Directors in 2018, based on their activities and attendance to Board and Committee meetings, is presented in the following table.

These amounts have been granted based on seven Board meetings, one being an extraordinary and remunerated Board meeting, and eleven Committee meetings.

Activities report and attendance to Board and Committee meetings

Name	Board (total 7*)	ACC (total 5)	NRC (total 4)	TIC (total 2**)	Total yearly gross remune- ration ***
Stefaan De Clerck	7/7	5/5	4/4	2/2	166,499 €
Dominique Leroy	7/7			2/2	0 €
Karel De Gucht	7/7			2/2	64,500 €
Pierre Demuelenaere	7/7	5/5	4/4		84,500 €
Guido Demuyne	7/7	5/5	4/4		97,000 €
Martin De Prycker	7/7		4/4	2/2	74,500 €
Martine Durez	7/7		4/4		72,000 €
Laurent Levaux	4/7				47,000 €
Tanuja Randery	7/7			2/2	64,500 €
Isabelle Santens	7/7				62,000 €
Agnès Touraine	7/7			2/2	64,500 €
Catherine Vandendorre	6/7	5/5			69,500 €
Luc Van den hove	6/7			2/2	59,500 €
Paul Van de Perre	7/7	5/5			74,500 €

ACC: Audit & Compliance Committee; NRC: Nomination & Remuneration Committee; TIC: Transformation & Innovation Committee (previously called Strategic & Business Development Committee)

* Extraordinary remunerated Board meeting on 6/6/2018

** TIC meeting of 6/6/2018 not remunerated

*** Total remuneration

- gross amounts on a yearly basis
- for all members of the Board, this amount includes the telecom advantage
- for the Chairman of the Board, this amount also includes the benefit in kind related to the private use of a company car:

Global reward policy and principles

Our Group has an innovative remuneration policy which is regularly assessed and updated through close cooperation with external human resources fora and universities. The remuneration policies of our employees are defined in a process of dialogue with the Board of Directors and with the social partners.

Because of our history as a public-service company, there are some differences in our dynamics and structure, compared to the private sector. This has a considerable influence on how our remuneration policy has evolved. Our Human Resources department has developed creative and adaptable programs to deal with its obligations related to the statutory employment status of some of its workforce and introduced new elements that harmonized policies between civil servants and contractual employees.

To accomplish our company goals within a highly and fast changing competitive global telecom market, we need qualified, talented and engaged employees working in close

cooperation in a high performance culture. To foster this culture, it is critical to have a 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.

The main objectives of our Global Rewards Program are:

- To drive performance that generates long-term profitable growth;
- To stimulate empowerment that reinforces the business strategy and desired culture;
- 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 and the promotion of the company values and culture;
- To link pay to both individual performance and the overall success of our company;

- 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 as a whole.

Our company also maintains -and modernises- powerful public sector instruments, such as work- life benefits (e.g. sick child care, hospitalisation,...) and social assistance. It is the responsibility of our Work-Life department to combine the needs and responsibilities of employees and their families with those of the company and society as a whole. Over the years, we have won several awards for the continuous efforts of our company to create a balanced working environment for its staff.

The Global Rewards Program keeps up and supports this goal and mission.

Executive remuneration

Procedure for drafting of the remuneration policy and defining of the remuneration level of the members of the Executive Committee

Both the executive remuneration policy and the individual remuneration packages for the CEO and the other members of the Executive Committee 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 and skills.

It consists of a balanced executive remuneration policy rewarding executives competitively and at rates which are attractive in the market, aligning the interests of management and shareholders and complying with the governance rules applicable in Belgium. Our company wants to attract and retain high performing top executives for its Executive Committee and wants to recognize clear role models, who

deliver a high level of performance and promote the company 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 its executives 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.

Current remuneration policy does not provide for a specific contractual claw back stipulation in favour of our company for the variable remuneration of the members of the Executive Committee, CEO included, allocated on the basis of incorrect financial information.

To distinguish ourselves from other employers, our company seeks to excel in the total package offered, by providing not only a cash remuneration but also numerous other benefits.

A fundamental principle 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 mean of their variable remuneration.

All the amounts mentioned in this report are gross amounts before employer's social contribution.

Executive Committee's remuneration structure

The remuneration of the members of the Executive Committee is built upon the following components:

- Basic remuneration
- Short-term variable remuneration
- Long-term variable remuneration
- Group insurance premiums and other benefits

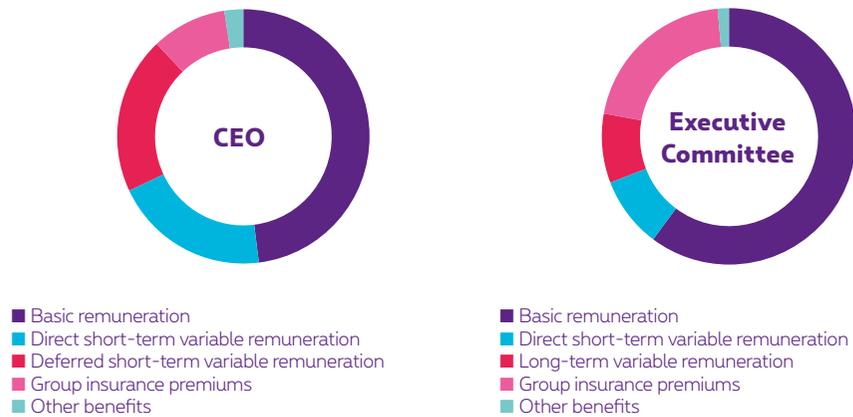
The relationship between the distinct remuneration components of the CEO and of the other members of the Executive Committee is illustrated in the graphs below. These graphs show the relative importance of the various components of on-target remuneration.

As per her contract, the CEO is only entitled to a short-term variable remuneration which payment is spread over 3 years. The variable remuneration of the other members of the Executive Committee consists of a short-term part and a long-term part, with equal target amounts which are set up as percentages of the basic remuneration. This remuneration policy therefore fully complies with the article 520ter of the Belgian Company Code and with the Belgian law of 6 April 2010.

As for the Executive Committee members others than the Chief Executive Officer, the Board of Directors took action end 2015 to evolve towards an alignment of their variable remuneration on market median practices, aligning their minimum target short- and long-term variable remuneration as from the performance year 2016.

As mentioned later in this report, the long-term variable remuneration for the Executive Committee members others than the Chief Executive Officer is allocated through a long-term incentives plan consisting of a

Relative importance of various components of the on-target remuneration before employer's social contribution (end 2018)



long-term Performance Value Plan which has been adopted by our company in 2013. The design of this Performance Value Plan has been reviewed. As from the 2019 grant, in order to better reflect the Group's achievements, additional company driven performance criteria will be added to the Total Shareholder Return (see under "long-term variable remuneration"), which is the only

performance criterion of the current plan. These additional performance criteria will consist of the Group free cash flow and the reputation index.

No other substantial change of the remuneration policy is expected for the coming two years.

Basic remuneration

The basic remuneration consists of a basic salary earned by Chief Executive Officer 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, is allocated regardless of the results and is contractually subject to the index applicable to Proximus.

The basic remuneration of the Executive Committee members is regularly reviewed by the Nomination & Remuneration Committee, based on an extensive review of performance and assessment of potential provided by the Chief Executive Officer, as well as on external benchmarking data on market practices. Thereby, the evolution of the basic remuneration depends on the competency level of the Executive Committee member, of his or her continued 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.

Basic remuneration in kEUR before employer social contribution

It should be noted that in 2017 there was no active Chief Consumer Market Officer for 6 months, while in 2018 Guillaume Boutin acted for a full year.



Year-to-year variations in the amounts are mainly resulting from the 2% index of October 2018 (former one was in July 2017), and from the fact that there has been no Chief Consumer Market Officer during six months in 2017.

Short-term variable remuneration **Short-term variable remuneration** **components**

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 Group success.

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

Group performance – Key Performance Indicators (KPIs)

Short-term annual variable remuneration is thus partly calculated – for 60% – in relation to performance against Key Performance Indicators (KPIs) set by the Board of Directors upon recommendation of the Nomination & Remuneration Committee. These performance

indicators include financial indicators as well as non-financial indicators at Group level.

The performance indicators at Group level are as follows:

- the business cash flow
- the number of new customers in voice, fix, internet and TV businesses, as well as churn reduction
- the Simplification and the Customer Experience, measuring our progresses versus our ambition in these domains
- the “employee engagement index”, measuring on a yearly basis our employees’ engagement, agility and strategic alignment.

The achievement of these KPIs are regularly followed-up and communicated. Business cash flows is based on audited reported financial figures that are adjusted to obtain ‘underlying’ financial figures after exclusion of ‘incidentals’. Non-financial indicators are measured by internal and external

agencies specialized in market and customer intelligence, of which the processes are audited on a regular basis.

The result at Group level is based on a predefined formula taking these key performance indicators into consideration according to a predefined weight per indicator.

Individual performance

On top of the Group results, the individual performance is annually evaluated in the course of the first quarter following the end of the year by the Board of Directors. This evaluation is based on the recommendations made by the Nomination & Remuneration Committee versus pre-defined measurable individual objectives and versus the promotion of our company values and culture.

The individual performance is taken into account for 40% in the short-term variable remuneration. Besides the individual differentiation in terms of talent, performance and impact on the Group performance, the Board of Directors ensures the consistency between the total allocated amount for the individual performance and the Group results.

Short-term variable remuneration **allocation**

The Chief Executive Officer receives a target short-term variable remuneration amounting to gross EUR 150,000. This amount is subject to the index applicable to Proximus. For the other members of the Executive Committee, the target short-term variable remuneration is expressed in a percentage of the basic remuneration.

As explained above, the short-term variable remuneration is allocated by the Board of Directors upon proposal of the Nomination & Remuneration Committee. The amount effectively allocated to the Chief Executive Officer and to the other members of the Executive Committee varies according to the Group results and to the evaluation of the individual performances by the Board of Directors.

In case of objectives realisation at 100%, the Chief Executive Officer or the other member of the Executive Committee gets 100% of his short-term variable remuneration target amount. In case of sustained 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 underachievement.

As per her contract and in accordance with article 520ter of the Belgian Company Code, the payment of the short-term variable remuneration of the CEO is currently spread over 3 years. Indeed, 50% of her variable remuneration is related to performance indicators of the accounting year (= direct short-term variable remuneration) while the other 50% will be deferred: 25% is related to performance indicators pertaining over a period of 2 years and 25% is related to performance indicators pertaining over a period of 3 years (= deferred short-term variable remuneration).

In 2018, a deferred short-term variable remuneration, for the performance indicators related to 2015 and 2016 has been allocated to the CEO on top of a direct short-term variable remuneration, for the performance indicators related to 2017.

In the last couple of years, the Board of Directors did a positive evaluation of the realizations of the Chief Executive Officer, given the overachievement of her objectives and the long term value she has created since her nomination in this role.

In 2018, a direct and deferred short-term variable remuneration were allocated to her for respectively gross EUR 111,585 (performance indicators related to 2017) and gross EUR 113,710 (EUR 54,010 linked to performance indicators related to 2016 and EUR 59,700 linked to performance indicators related to 2015).

The total short-term variable remuneration effectively allocated in 2018 to the other members of the Executive Committee (2017 performance year) amounts to gross EUR 1,110,745.

Short-term variable remuneration in kEUR before employer social contribution



- Chief Executive Officer : impact of the index of July 2017 and of the variations in the Group KPI results over the last 3 performance years.
- Members of the Executive Committee others than the CEO: Impact of the index of July 2017 and of the KPI results which slightly increased for performance year 2017 compared to performance year 2016.

Long-term variable remuneration

The Chief Executive Officer is not eligible to long-term variable remuneration.

The other members of the Executive Committee receive a long-term variable remuneration expressed as a percentage of the annual basic remuneration. This percentage is the same as the percentage of their short-term variable remuneration.

The long-term variable remuneration is allocated to the other members of the Executive Committee by the Board of Directors upon recommendations of the Nomination & Remuneration Committee. Various factors are considered for the decisions taken by the Board of Directors in terms of effective allocation, such as the retention of talents, the individual performance evaluations or/ and the Group results. This allocation is made through a long-term incentives plan, currently consisting of a long-term Performance Value Plan which has been adopted by our company since 2013.

Long-term Performance Value Plan

The long-term incentive plan offered by our company to its executives currently consists of a "Performance Value Plan". This plan has been designed as to keep our executive remuneration policy balanced and attractive, as well as compliant with the shareholders' expectations. It aims to ensure that the actions and initiatives taken by the executives are guided by long-term interests. Therefore, this remuneration clearly constitutes a long-term incentive.

Our Performance Value Plan is based on a balance between the individual and the Group performances.

The performance criterion of this plan is the Total Shareholder Return. Our Total Shareholder Return is measured against the respective Total Shareholder Return of a basket of 10 other European telecom operators.

Peer companies currently included in the basket

- BT
- Deutsche Telekom
- OTE
- KPN KON
- Orange
- Swisscom
- Telecom Italia
- Telefonica
- Telenor
- Telia Company

Under this Performance Value Plan, the granted awards are blocked for a period of 3 years, after which the Performance Values vest. After this period, the beneficiaries may exercise their Performance Values and the amounts effectively allocated will depend on the performance of our Total Shareholder Return compared to the group of peer companies at the exercise time.

The design of this Performance Value Plan has been reviewed further to a benchmark analysis, aimed at a better alignment on

market practices and more particularly on the practices of the other European telecommunications companies. As from the 2019 grant, in order to better reflect the Group's achievements, additional company driven performance criteria will be added to the Total Shareholder Return (see below), which is the only performance criterion of the current plan. These additional performance criteria will consist of the Group free cash flow and the reputation index.

The CEO is not eligible to long-term variable remuneration. As a consequence, no long-term variable remuneration has been granted to her since her nomination.

The total long-term variable remuneration effectively granted to the members of the Executive Committee others than the CEO was amounting to gross EUR 1,005,000 EUR in 2017 and to gross EUR 1,025,000 EUR in 2018.

Long-term variable remuneration in kEUR before employer social contribution



Former long-term variable remuneration plan: Stock Options Plan

Stock options have been granted to the senior executives from 2004 until 2012, members of the Executive Committee included.

Only one member of the Executive Committee still holds stock options, as shown in the table below. Neither the other members of the Executive Committee nor the CEO hold any more stock options.

In 2017 and 2018, the CEO and the other members of the Executive Committee did not receive any Proximus shares nor Proximus stock options.

Overview of the stock options still held by the members of the Executive Committee

Bart VAN DEN MEERSCHE		
STOCK OPTIONS		
on January 1st, 2018		
	15,000	
Exercised in 2018	Number	0
	Year of grant	-
Lapsed in 2018	Number	
	Year of grant	
Forfeited in 2018	Number	
	Year of grant	
on December 31, 2018		
	15,000	
The CEO and the other members of the Executive Committee do not hold stock options anymore.		

Group insurance premiums and other benefits

Group insurance premiums

The CEO and the other members of the Executive Committee are participating in a complementary pension scheme. This complementary pension scheme consists of a “Defined Benefit Plan” offering rights which are in line with market practices.

They also benefit from other group insurances in line with market practices, such as life and invalidity insurances.

Other benefits

Our Group wants to stimulate its executives by offering a portfolio of benefits and advantages that are competitive in the market place 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.

General overview

Below chart reflects the remuneration and other benefits allocated directly or indirectly to the members of the Executive Committee in 2018 and 2017 by the company or any other undertaking belonging to the Group (benefit based on gross or net remuneration, depending on the type of benefit).

It should be noted that the global remuneration has been affected by the index of October 2018, by the variations in terms of Group KPI results over the last performance years and by the nomination of a new Chief Consumer Market Officer mid-2017.

Remuneration overview of the members of the Executive Committee

REMUNERATION	CEO		Other members of the Executive Committee	
	2017	2018	2017	2018
Basic remuneration	515,108 €	522,810 €	2,253,540 €	2,466,946 €*
Direct short-term variable remuneration	108,020 €	111,585 €	1,105,537 €	1,110,745 €
Deferred short-term variable remuneration	119,175 €	113,710 €	0 €	0 €
Long-Term variable remuneration	0 €	0 €	1,005,000 €	1,025,000 €
Retirement and post-employment benefits	181,243 €	180,003 €	516,193 €	494,319 €
Other benefits	13,357 €	12,438 €	108,433 €	124,172 €
SUBTOTAL (excl. employer's social contribution)	936,903 €	940,546 €	4,988,703 €	5,221,182 €
Termination benefits	0 €	0 €	0 €	0 €
TOTAL (excl. employer's social contribution)	936,903 €	940,546 €	4,988,703 €	5,221,182 €

* It should be noted that in 2017 there was no active Chief Consumer Market Officer for 6 months, while in 2018 Guillaume Boutin acted for a full year. All these amounts are gross amounts before employer's social contribution.

Main provisions of the contractual relationships

Contractual agreement related to the mandate of the CEO

In January 2014, Mrs. Dominique Leroy has started her six-year mandate as CEO. She has a contract as a self-employed executive

and is thus not subject to employers' social security charges.

The CEO is bound by a non-competition clause, prohibiting her for 12 months after leaving the Group from working for a competitor of our company in Belgium and in those countries where the Group generates

at least 5% of its consolidated revenues. If activated by our company, she would receive an amount equal to one year's base salary 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 before the end of the six-year term, our company will pay her a contractual termination indemnity equal to one year's base salary.

Main contractual terms of the other Executive Committee members

All other members of the Executive Committee, who are all bound by a non-competition clause prohibiting them for 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, they would receive an amount equal to six months' base salary as compensation.

Just like the CEO, the other members of the Executive Committee are 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.

They have a contractual termination clause which foresees an indemnity of one year's remuneration.



Appendix



Appendix

Overview of non-financial information	118
Transparency	122
Social figures	134
Environmental figures	138
GRI Content index	142
Material topics	157
KPI description	158

Overview of non-financial information

Page	Strategic pillar	High material topics	Theme/KPI*	Target 2018	Result 2018	Result 2017	Target 2019 & beyond	GRI KPI/ref	Impact/ SDG
Enabling a better digital life									
p.30	Digital infrastructure	Innovation and sustainable infrastructure	4G indoor coverage	For competitive reasons we do not wish to disclose targets on our infrastructure investments.	99.5%	98.1%	For competitive reasons. we do not wish to disclose targets on our infrastructure investments.	Indirect economic impacts	9. Industry, Innovation & Infrastructure
			4G outdoor coverage		99.9%	99.8%			
			Fixed Internet: 30Mbps coverage		92%	86%			
			Combined Average VDSL & ADSL speed		72.6 Mbps	68 Mbps			
			Vectoring coverage in Belgium		88%	83%			
p.31	Digital innovation	Digital Competitiveness of companies and institutions	Active M2M cards	1.4 Million	1.3 Million	1.2 Million	Continued growth	Indirect economic impacts	9. Industry, Innovation & Infrastructure
			ICT revenues (national + international)		€561 Million	€509 Million			
			Number of projects with universities/education institutes	Not available	39	Not Available			
p.36	Digital trust	Privacy and data security	International certifications related to privacy and cybersecurity	6	6	6	Not available	Customer Privacy	11. Sustainable Cities & Communities

*The definition of each KPI can be found in the section "KPI definition".

Page	Strategic pillar	High material topics	Theme/KPI*	Target 2018	Result 2018	Result 2017	Target 2019 & beyond	GRI KPI/ref	Impact/ SDG
Caring for our stakeholders									
p.50	Doing business right	Business conduct and ethics	Number of cases investigated by the Investigations department for violation of policies/code of conduct	30	29	52	30	Anti-corruption	8. Decent Work and Economic growth
			Number of whistleblowing cases	Not available	7	7	Not available		
p.41	Customer first	Quality products and services	Blended usage satisfaction (residential customers)	Not disclosed	94.6%	93.7%	Not disclosed	Economic performance Customer health and safety Anti-competitive behaviour	3. Good Health
		Pricing and billing transparency	Decrease in complaints related to invoices (residential customers)	Not disclosed	-14.1% vs '17	-	Not disclosed		
		Customer relationship	Happy House in-home experience satisfaction rate	We don't disclose NPS	89%	90%	Not disclosed		
		Responsible marketing	# complaints from JEP (# of which justified)	Not available	7(2)	5(0)	Not available		
p.44	Employee care	Human capital and employee development Health and safety	Percentage of Proximus employees using Office365 OneDrive	74%	79%	37%	x	Employment Labour/ Management Relations Training and Education Occupational Health and safety	8. Decent Work and Economic Growth 3. Good Health
			Proportion of Proximus employees actively looking for knowledge or people by using our enterprise social network (#WAP)	95%	96%	93%	x		
			Employee engagement	72.7%	72.7%	72.3%	72.7%		
			Frequency rate of occupational accidents	Stable in relation to previous year	6.8	6.6	Stable in relation to previous year		
			Severity rate of occupation accidents	Stable in relation to previous year	0.28	0.36	Stable in relation to previous year		

Page	Strategic pillar	High material topics	Theme/KPI*	Target 2018	Result 2018	Result 2017	Target 2019 & beyond	GRI KPI/ref	Impact/ SDG
Contributing to society									
p.53	Digital for all	Connectivity and digital inclusion	Percentage of accessible tested devices (at least for 1 disability category)	90%	91%	100%	90%	Local communities	9. Industry, Innovation & Infrastructure 11. Sustainable Cities & Communities
			Number of job seekers supported by our initiatives in Belgium	350	404	327	350		
			Number of sick children connected to their school by Bednet and Take Off	Over 1,000	Over 1,000	Over 800	Over 1,100		
Respecting our planet									
p.61 Environmental figures, p.138-140	Being CO ₂ neutral	Energy and greenhouse gases	Electricity used which came from renewable energy sources	98%	99%	98%	100% in 2020	Energy	13. Climate Action
			Carbon neutrality level for own operations and business travel	100%	100%	100%	100%		
			Carbon emissions scope 1+2 compared to previous year	-4%	-12%	-4%	-4% yearly		
			Energy consumption compared to 2008	Not available	-27%	-24%	Continuous improvement		
p.63 Environmental figures, p.141	Being circular	Circular economy: electronic waste and equipment recycling	Percentage of waste recycled, reused or composted	Not available	87%	85%	90% by 2025	Materials	12. Responsible Consumption and Production
			Collected mobile phones	Not available	18,279	18,493	200.000 in schools with Goodplanet Belgium by 2020		
			Refurbished modems and TV decoders	Not available	405,544	322,194	Not available		

Page	Strategic pillar	High material topics	Theme/KPI*	Target 2018	Result 2018	Result 2017	Target 2019 & beyond	GRI KPI/ref	Impact/ SDG
p.64 Environmental figures, p.141	Sustainable supply chain	Sustainable Supply Chain	Percentage of suppliers screened using social criteria (incl. working conditions, human rights, etc.) who received a silver or gold recognition level	80%	87%	85%	80%	Supplier Environmental Assessment Human rights assessment Supplier social assessment	12. Responsible Consumption and Production 13. Climate Action
			Percentage of suppliers screened using environmental criteria who received a silver or gold recognition level	80%	83%	82%	80%		

Transparency

About this report

Scope of the sustainability information

The purpose of this report is to inform our stakeholders about our contribution to society, in relation with our ambition, sense of purpose and goals. Our stakeholders are all the individuals and organizations affected by our operations or with whom we have a relationship. These include but are not limited to: customers (both corporate and residential), employees, shareholders, suppliers, the press, government representatives & institutions, partners and social organizations. For more information on how we maintain our relationship with our stakeholders, see the section on Stakeholder Dialogue.

This report has for scope the Proximus Group, including the subsidiaries in which Proximus has a majority shareholding. Unless stated otherwise, references to Proximus should be read as referring to the Proximus Group, except for the section “Our contribution to Belgium”, “Overview of non-financial information” and “GRI content index” which are focused on Proximus in Belgium unless stated otherwise. In this report (including all its appendix), Proximus S.A. refers to the activities of the Proximus Group in Belgium. In the Netherlands, our division is called Telindus Netherlands. In Luxembourg, we operate as Proximus Luxemburg under the brand names Tango and Telindus Luxembourg. Internationally, we are active through our affiliate, BICS. We also have other affiliates

integrated in our Enterprise Business Unit such as Be-Mobile, Davinsi Labs, Umbrio, Codit, ION-IP, etc.

For our financial information, we include new acquisitions in our report as of the first full year of ownership.

Reporting criteria non-financial information

The Annual Report is published in March 2019. For the sustainability information included in this report we followed the indications of the Global Reporting Initiative (GRI) guide. We comply with the EU Directive Non-Financial Reporting (translated in the Belgian law of 3rd September 2017) and integrated all elements in our Annual Report.

EU Directive 2014/95/EU: Non-Financial Information and Diversity information reference table, translated in the Belgian law of 3rd September 2017

Requirements EU Directive	Subtopic	Chapter / Page reference
A brief description of the business model	The business environment	Proximus at a glance, p.8-9 Foreword from our CEO & Chairman, p.4-7 Key achievements, p.13-16
	Organization and structure	Proximus at a glance, p.8-9 Proximus governance model, p.68-69
	Markets where the undertaking operates	Proximus at a glance, p.8-9 GRI Content Index, p.142-156
	Objectives and strategies	Foreword from our CEO & Chairman, p.4-7 Proximus at a glance, p.8-9 Key achievements, p.13-16 #shifftodigital our new 3-year strategy, p.17-19
	Main trends and factors that may affect the undertaking's future development	Risk management report, p.91-99 Foreword from our CEO & Chairman, p.4-7 Proximus at a glance, p.8-9 Management report, (available on our website)
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence	Caring for our employees, p.44-50 Risk management report, p.91-99 Remuneration report, p.106-115
	The outcome of those policies	Caring for our employees, p.44-50
	Principle risks in own operations and within value chain	Caring for our employees, p.44-50 Social figures, p.134-137 Risk management report, p.91-99
	How risks are managed	Caring for our employees, p.44-50 Risk management report, p.91-99
	Non-financial key performance indicators	Caring for our employees, p.44-50 Social figures, p.134-137 Risk management report, p.91-99 Overview of non-financial information, p.118-121

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Respecting our planet, p.61-65 Risk management report, p.91-99
	The outcome of those policies	Respecting our planet, p.61-65 Environmental figures, p.138-141
	Principle risks in own operations and within value chain	Respecting our planet, p.61-65 Environmental figures, p.138-141 Risk management report, p.91-99
	How risks are managed	Respecting our planet, p.61-65 Environmental figures, p.138-141 Risk management report, p.91-99
	Non-financial key performance indicators	Respecting our planet, p.61-65 Environmental figures, p.138-141 Overview of non-financial information, p.120-121
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due diligence	Sustainable supply chain, p.64-65 Doing business right, p.50-51 Proximus governance model, p.68-69 Risk management report, p.91-99 Remuneration report, p.106-115
	The outcome of those policies	Sustainable supply chain, p.64-65 Doing business right, p.50-51 Proximus governance model, p.68-69 Risk management report, p.91-99 Remuneration report, p.106-115
	Principle risks in own operations and within value chain	Sustainable supply chain, p.64-65 Doing business right, p.50-51 Proximus governance model, p.68-69 Risk management report, p.91-99 Remuneration report, p.106-115
	How risks are managed	Sustainable supply chain, p.64-65 Doing business right, p.50-51 Proximus governance model, p.68-69 Risk management report, p.91-99 Remuneration report, p.106-115
	Non-financial key performance indicators	Doing business right, p.50-51 Risk management report, p.91-99 Sustainable supply chain, p.64-65 Overview of non-financial information, p.119

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence	Doing business right, p.50-51 Proximus governance model, p.68-69
	The outcome of those policies	Doing business right, p.50-51
	Principle risks in own operations and within value chain	Doing business right, p.50-51 Risk management report, p.91-99
	How risks are managed	Doing business right, p.50-51 Risk management report, p.91-99
	Non-financial key performance indicators	Doing business right, p.50-51 Risk management report, p.91-99 Overview of non-financial information, p.119
Insight into the diversity	A description of the policies pursued	Caring for our employees, p.44 Proximus governance model, p.68-69 Remuneration report, p.106-115
	Diversity targets	Caring for our employees, p.44 Proximus governance model, p.68-69 Remuneration report, p.106-115 Overview of non-financial information, p.119
	Description of how the policy is implemented	Caring for our employees, p.44 Proximus governance model, p.68-69 Remuneration report, p.106-115
	Results of the diversity policy	Caring for our employees, p.44 Proximus governance model, p.68-69 Remuneration report, p.106-115

The following of the indications of the GRI guide means that Proximus reports on all general standard disclosures related to identified material topics.

The way through which we defined our material topics and thus the contents of this integrated report is described below in the Materiality Determination section. The overview of the GRI linked to this report can be found in GRI Content Index. This index specifies the boundaries of each material topics, as well the GRI indicators which were omitted from this report (including clarifications).

Proximus prepared this integrated report by following the indications of the GRI guide, including where relevant or available data for 2018.

External assurance

The parts of the sustainability chapter assured by our external auditor are indicated by a tickmark in the GRI index (limited assurance).

Scoping and calculation methodologies for environmental figures

Carbon emissions scopes 1 and 2

Measurement of the Group's CO₂ emissions is based on the guidelines of the Greenhouse Gas Protocol.

We measure all activities that are subject to operational control. This not only concerns emissions in Belgium, but also, since 2010, the CO₂ emissions of Proximus Group subsidiaries outside Belgium. Their consumption represents 7% of the Group's total energy consumption.

Reporting on environmental figures for the group subsidiaries is done depending on data availability and quality. This is positively evolving over the years, in the sense that more and more subsidiaries are monitoring their environmental impact.

The new subsidiary Be-Mobile acquired in 2016 and TeleSign, Davinsi Labs and Unbrace, all acquired in 2017, are not included in the figures.

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.

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 adjusted with the gradual addition of biofuel BE)	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	High	Proximus Group/ 100%	Renewable energy sources: 99% Offset by carbon credits - Gold Standard: 1%	AR5 IPCC	IEA (CO ₂ emissions from fuel combustion – highlights) - 2018	Limited

Carbon emissions scope 3

Proximus reports on all relevant scope 3 figures according to the scope 3 corporate value chain standard of the GHG protocol (www.ghgprotocol.org), Bilan Carbone and other relevant emission factors.

Scope 3 refers to the upstream and downstream GHG emissions which are indirectly generated by Proximus. Given that we are dealing with indirect emissions, the possible impact from Proximus in reducing the emissions varies from low to high, and

the choice of suppliers and solutions plays a key role. For most of the scope 3 categories only the operations in Belgium are taken into account.

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. 1						
Resource extraction, transportation and production of purchased goods and services	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	LCA based (customer products), Bilan carbone, IEA, EEIO model (other purchase expenditure)	Limited
Scope 3 - Cat. 2						
Acquired investments	Low	Proximus in Belgium/ 95%	None	AR5 IPCC	EEIO model approach, IEA	Limited
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 transportation	High	Proximus Group/ 100%	None	AR5 IPCC	Bilan Carbone, IEA	Limited
Scope 3 - Cat. 4						
Transportation of subcontractors for network activities	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						
Aircraft and trains for business travel	Low	Proximus in Belgium/ 95%	Fully offset by carbon credits - Gold Standard	AR5 IPCC	Official figures of travel agency and transport companies	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.7						
Employee commuting. Company cars are accounted for in scope 1	High	Proximus Group 98%	None	AR5 IPCC	Bilan carbone	Limited
Scope 3 – Cat.11						
Energy consumption of customers' Proximus devices (modems, set-top boxes and mobile phones)	High	Proximus in Belgium/ 95%	None	AR5 IPCC	Bilan carbone, IEA	Limited
Scope 3 – Cat.12						
Processing of products (end of life): included in cat.5	N.A.	Proximus in Belgium/ 95%	None	AR5 IPCC	N.A.	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.8,9,10,13,14						
N.A.	N.A.	N.A.	N.A.	AR5 IPCC	N.A.	N.A.

Accuracy

Since many years we adopt the principle of best available data quality.

Gold Standard carbon credits

By being carbon neutral means we will first of all continue reducing our carbon emissions but will offset what is left over by supporting international projects that fight global warming.

In practice, this has allowed the Proximus Group to become a climate-neutral company for its car fleet, electricity, heating, refrigerants (scopes 1 and 2) and for business travel (scope 3) since 2016.

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

In this specific region in Benin, where 69% of the population lives in poverty, 91% of households use wood as an energy source and there is very limited access to electricity.

The TEG STOVE is an efficient cookstove on which a thermoelectric generator (TEG) is installed as an extra. Thanks to this TEG module, part of the heat is converted into electricity, which can be used for charging smartphones or LED lamps.

The LED lamps can be used in the evening to light homes or for reading. They replace

dangerous and polluting paraffin lamps. Intensive research is being conducted to find the most efficient way to design and use this TEG module with a view to integrating it into a growing number of cookstoves.

In 2018, 1200 households were provided with improved cookstove compared to 1700 in 2017.

The use of these cookstoves is registered and serves as proof for the issuance of carbon credits.

The budget made available for carbon credits by Proximus allows 100 times more CO₂ to be reduced in developing countries as compared to Belgium. This is because the cost of setting up CO₂-friendly projects in Africa is lower, and current energy efficiency in the region can also be dramatically improved. We also support cookstove projects in Uganda, Malawi and rural Asia. The benefits are mainly forest conservation, improved air quality, health, employment and quality of life.

The projects were also selected because they contribute to several Sustainable Development Goals. More info: <http://www.tegstove.org/>

Another project we support is the stove project in Uganda, in which efficient cookstoves drastically reduce the use of firewood. The benefits are mainly forest conservation and improved air quality, health, employment and quality of life.

Energy conversion factors¹

Electricity

Calculation based on the invoices of energy suppliers and internal energy management system GENY (Belgian activities).

Electricity savings within the organization

Calculation based on actions undertaken during the reporting period calculated over a window of 12 months. The savings projects were implemented in the course of 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 operation. For multiple installations, the consumption of one type installation is multiplied by the total number of installations.

Electricity savings sold products

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 vendor and the installed base devices by type at customer premises.

¹ CDP Technical Note: Conversion of fuel data to MWh

Transport

Calculation based on invoices and reports of the supplier, based on fuel card consumption or expense statements.

Heating

Calculation based on supplier billing data:

- Gas: meter readings
- Heating oil: heating oil tank refills

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 average weights of the subscriptions and the individually measured weights of the waste collections.
- Distinction between hazardous and non-hazardous waste.
- Processing method such as composting, recycling, reprocessing, reuse or residual waste with energy recovery.
- Additional reduction in residual waste through a posteriori sorting of the residual waste by the waste processor into recyclable categories such as wood, metal, paper, etc.

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 Corporate Social Responsibility (CSR) department, with a strong focus on environmental issues and CO₂ reduction
- The corporate prevention & protection department, including the environmental department
- The internal audit department, which reports to the board of directors and carries out audits on all kinds of environmental aspects at the request of the environment or CSR 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 (mobility campaigns, surveys and info sessions for employees to further promote the use of public transport and bicycles).

- New packaging waste prevention plan 2016-2019 for IVCIE and awareness campaigns on waste recycling,

- Anti-pollution plan in the event of severe air pollution in the Brussels Region,

- Environmental policy,

- Field visits concerning environmental issues such as hazardous products, waste and control of permits,

- Communication channels: intranet news, toolboxes, internal reporting to the executive committee,

- Integrated management system, ISO9001 certificate,

- Environmental clauses in purchasing procedures concerning waste reduction, such as recycling, eco-design and life cycle,

- 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.

Stakeholder engagement and materiality determination

Materiality

This year, for the first time and with external expert assistance, we proceeded to a materiality assessment process. As such we gained a structured understanding of where we have a social, environmental and economic impact and what matters to our stakeholders the most. Also, this enables us to further report on these most relevant topics. The assessment concluded in a materiality matrix, which was also validated by our Board of Directors. The process consisted of three steps:

Step 1: External analysis

First an external materiality view was taken not only capturing Proximus' sustainability issues but also the ones of the industry as a whole. A media analysis as well as a peer review and reputation survey were taken into account.

The media analysis, as well as the peer review and reputation survey served as the input for the identification of material topics and stakeholders.

Indeed, in this way also the stakeholders described in our section on stakeholder dialogue were taken into account.

Relevant topics, on which Proximus can have an impact in society were identified. Based upon this subsequently a shortlist could then be validated with internal stakeholders.

Step 2: Internal materiality workshop

We organized a well prepared, semi-structured and facilitated workshop thereby mapping our stakeholders and material topics.

The workshop included representatives of all the business units, management and support functions of Proximus.

We started from the aforementioned long list of material topics and stakeholders obtained in the external analysis, which we then plotted to define those that are truly key.

Step 3: Integrated Materiality Matrix

The integrated materiality matrix combines the external analysis and the results of the internal materiality workshop into one materiality matrix. It provides a comprehensive overview of the most material topics taken from both views.

Materiality Matrix 2018



- 1 Innovation and sustainable infrastructure
- 2 Connectivity and digital inclusion
- 3 Energy and greenhouse gases
- 4 Circular economy: Electronic waste and equipment recycling
- 5 Business conduct & Ethics
- 6 Sustainable supply chain
- 7 Privacy & data security
- 8 Health and safety
- 9 Human capital & employee development
- 10 Social engagement and development
- 11 Digital competitiveness of institutions and companies
- 12 Remuneration
- 13 Responsible sourcing and resource efficiency
- 14 Quality products and services
- 15 Responsible taxes and state contribution
- 16 Law suits/ claims
- 17 Responsible marketing
- 18 Sponsoring
- 19 Redundancies
- 20 Human rights
- 21 Pricing and billing transparency
- 22 Customer relationship

The combination of the horizontal axis and the vertical axis determines the degree of impact that Proximus has with the topic on society. The vertical axis indicates what impact or influence the topic has on the selected stakeholders and how important this topic is to these stakeholders. The horizontal axis indicates the potential impact (positive or negative) Proximus has in terms of economic, environmental and social impacts on these topics.

The upper quadrant (topic 1 to 11, 14 and 21) are then the topics which are most material for stakeholders and the impact Proximus can have. These topics are formally reported on and this is further detailed in GRI Content Index.

The definition of each most material topic as well as their boundary can be found in the Material Topics section.

Step 4: Implementation

Based on the materiality matrix, we can determine which topics to address going forward.

Internally, 2018 is a transition year. We will further prepare in 2019 the reporting systems and develop the necessary targets and definitions.

Stakeholder dialogue

A big part of implementing our contribution framework and including the material topics, is making sure we maintain a structured

stakeholder dialogue, to ensure we do not stray from what really impacts them and their decisions. What we do must stem from what they expect and want from us as a provider of digital services and part of the Belgian society.

In the past, we reached out to some of our stakeholder groups very organically, based on project or business needs while others (e.g. investors, the financial community, etc.) have always been engaged in a structured and regular way. However, we understand the need to connect with them on a more structured and regular basis in order for what we do to stay relevant. We thus have developed an approach to structure our stakeholder dialogue and ensure engagement on a regular basis.

At Proximus, we consider the following groups as our stakeholders: General public (including customers, and with a specific focus on the youngsters (18-25 y.o.)), Corporate clients (SE, ME, COR), Press, Government & regulatory bodies, Start-up communities, Sales & CSR partners, Employees, Opinion leaders (such as university heads, etc.) and Investors.

This year, we have had the following interactions with our stakeholders:

Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2018	Our response
Employees	Employees expect us to provide them with a safe and advanced work environment as well as the flexibility it comes with. They also expect to receive opportunities & challenges fitted to their ambitions and to have an impact on how our company works. Finally, they expect us to offer the possibility of learning the new skills they need in this changing job market.	We engage our employees yearly in a survey called Speakup. In this survey, they have the possibility to evaluate many points of our work environment, atmosphere, opportunities, and more. We also offer many possibilities for each employee to talk to an HR specialist about their concerns (described more in Employee care, p.44).	Our employees voiced the need to increase our agility in the way we answer to competitive moves as well as in the execution of our strategy.	Our engagement survey called SpeakUp is yearly processed and upon areas of concerns raised by our employees, we deploy business unit, department, team and company action plans to ensure we work towards areas of improvement identified in the survey. SpeakUp is part of the Group Key Performance Indicators set on yearly basis. We regularly organize talent review boards to assess how best talents can be deployed in the company. Internal mobility is fostered through job rotation as well as new ways of working such as agile, empowered organization, fostering transversal ways of working. Homeworking has been extended largely to ensure flexibility for the majority of our employees whose jobs allow it.

Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2018	Our response
Residential customers	Our residential customers turn to us to receive high-quality product and services. They expect us to always be up-to-date on the latest trends in terms of connectivity and user experience. Customers want not only to have unfiltered access to the digital world, but also for us to contribute to the society they live in. They expect us to fill our role as a key player in Belgium.	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. We also have an internal initiative called voice of the customer. In 2018, 20 consumer co-creation & design thinking sessions were organized, counting more than 500 participants.	<ul style="list-style-type: none"> • Need for relevant and differentiating customer solutions • Need for competitive no-frills offers • Need for seamless digital experiences • Customer experience • Smart phone, wi-fi and TV usage 	<ul style="list-style-type: none"> • Launch of Epic, a new mobile experience with full digital onboarding • Launch of an unlimited Proximus mobile offer at a competitive price • A boost of the brand awareness of Scarlet, the best no frills offer on the market • Launch a new entertainment application • Further investments in our network
Business customers (SE, ME, COR)	Our business customers expect a personalized and high-quality service at all times. They want us to not only serve their connectivity needs, but also collaborate with them to become more digital and thus help them serve their own clients better.	Next to our regular interaction channels with our customers through our account managers, contact centres and indirect partner channel we have created other ways to reach out to our clients. We engage our business customers through regular personal surveys, ready for tomorrow meetings as well as Voice of the Customer forums and advisory boards. Through these different fora we aim to capture feedback in relation to their customer experience, feedback on our own strategy and development roadmap but also to deep dive in the customer's digital transformation needs and how we can support them with our newest technologies. In 2018 we will have organised 60 ready for tomorrow meetings	<ul style="list-style-type: none"> • Relevant customer solutions • Customer experience • Business continuity 	<ul style="list-style-type: none"> • Selective M&A to expand our capabilities in cybersecurity, application integration & cloud • Four customer journeys got particular focus to improve customer experience • Further investments in our network • Move towards vertical solutions & customer segmentations to develop more relevant solutions in specific sectors e.g. Healthcare
Government & regulators	Government and regulators expect us to comply with all rules and regulations in place in Belgium, Europe & internationally. They also expect us, as a Belgian & partly state-owned company, to play a role in developing the digital society & economy of tomorrow through investments and involvement. This includes contributing to society and playing our part to slow down climate change. We are expected to respect business ethics.	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 also maintain regular interactions with politicians and representatives to develop partnerships (such as the one to increase internet coverage in white zones). These interactions occur on a regular basis.	Proximus regulation extended from its copper to its fiber network Belgian Government considering to introduce conditions favouring the entry of a 4th mobile player in the spectrum auctions to be organized in 2019 Regions planning to invest in parallel networks Belgian Government maintained focus on consumer protection: new obligations in case of non-payment of invoices and stricter rules for premium numbers/ SMS and mobile payments; automatic compensation of users in case of network failure being considered	We advocate our position towards the relevant authorities, we ensure timely compliance with new rules and the business responds with adequate commercial actions to imposition of new obligations.

Stakeholder group	What they expect	How we engaged them	Main topics & concerns in 2018	Our response
Investors	<p>Our investors and the financial markets expect a transparent, clear, accurate and consistent company communication and insights on the market we operate in. We are clear with them on our achievements, our strategy and ambitions going forward and short to mid-term perspectives. They also want to know how we expect to create value and need timely accurate updates. We also are expected to provide them the necessary access to top management with the opportunity to receive clarification and ask questions.</p>	<p>In 2018, we organized 2 management roadshows, after full and half-year results, where our CEO, CFO and Investor Relations Director visited our investors in various countries to expose them our strategy and results. This was completed by the participations in several sector conferences, IR-only roadshows, reverse roadshows and conference calls. For some occasions investors' feedback was provided, which is then included in the result of our reputation survey and materiality analysis. Over the year 2018, Proximus spoke to about 200 institutional investors. We also organize a yearly general assembly where all investors are invited.</p>	<p>Investor questions and concerns during 2018 were mainly related to: Competitive environment and the impact on Proximus. Regulatory impact on pricing (such a roaming pricing regulation). Upcoming spectrum auctions and the potential new entrant in the Belgian market. Overall capex level and Fiber investments.</p>	<p>A detailed disclosure allows investors to get insight in Proximus' achievements in the Belgian market through the publication of several KPIs (net customer growth, market shares, ARPU, etc.) on the main products (Internet, TV, Fixed Voice, Mobile, etc.). Also, the evolution of pricing is clearly communicated. Proximus disclosed its estimated financial impact from regulation for 2018 and disclosed the actual impact by quarter. Information on spectrum and auction conditions have been disclosed in the quarterly information pack, and extensively discussed during meetings. Proximus has set a 3-year capex target when announcing the Fiber project and has discussed with investors the potential scenarios going forward.</p>
Suppliers	<p>Our suppliers expect us to fulfil our long-term commitment and uphold our end of the deal. They want us to offer transparent contract with fair prices.</p>	<p>We consider our suppliers as very impactful and we engage with them in the form of regular audits to ensure they follow our CSR and ethical principles. Such interactions are described further in the section on Sustainable supply chain.</p>	<p>Proximus aims to have 75% of suppliers with a positive rating (assessments and audits) within 5 years.</p>	<p>Suppliers screened on human rights and environmental risks with a negative score are systematically reassessed the year following initial assessment. Action points of sustainability audits are systematically followed-up by Proximus within the Joint Audit Cooperation.</p>
Society at large	<p>Society expects Proximus to offer connectivity and digital opportunities at the right price and to leave behind a positive legacy for Belgium. They want us to care about their data, be ethical and contribute to society while respecting the environment. They want us to develop products and services that can solve current challenges.</p>	<p>In 2018, we organized an in-depth reputation survey based on material topics to understand our perceived performance on these as well as the importance they have for our stakeholders. This survey was conducted over the course of one month and included the general public. It was organized by the research agency, Kynetec. As a Belgian company, we want to leave a positive mark on our surroundings and we work with various NGOs and associations to improve different parts of the Belgian society. We contribute a lot in terms of ICT education, employability, but also in the cultural scope of Belgium and more.</p>	<p>A concern for citizens is the impact of electromagnetic waves as we develop more and more extensive networks. They also want us to provide clearer communications and to ensure their data is treated in the right manner. Besides these topics, society is concerned about the future and the skills needed to be part of it. Most of their concerns relate to the material items mentioned earlier in the section.</p>	<p>We contribute to their concerns by offering clear communication and advice on electromagnetic waves on our website. We have strict rules and guidelines around data privacy and comply with the newest laws. We also acquire ISO certifications on the subject. Finally, we contribute to society and the digital inclusion through our contribution framework. This framework is based on the survey we conducted and contains clear KPIs for each topic.</p>

Going forward, we want to organize our stakeholder outreach in a more structured way, as follows:

- We will involve stakeholders on a day-to-day basis according to more specific demands.
- We will set a bi-yearly panel of stakeholders to discuss specific topics that are mutually important to address. This panel will be overseen by an objective third party and define points of action for Proximus.
- Every 3 years, we aim to conduct an in-depth survey of all our stakeholder groups to measure progress on reputation items and update our materiality matrix, with the aim to adjust our strategy. In 2018, we conducted such survey on all our stakeholder groups, as starting point for our new 3-year sustainability strategy.

How we engage with policymakers Proximus is a public autonomous company with the state as majority shareholder, resulting in regular interactions with policymakers.

Proximus actively engages with policymakers on every political level and sponsors activities which help to debate in the public arena the consequences of a rapidly changing (digital) world.

We are member of various (business) associations and through them, we also engage with politicians at the Belgian & European level.

Proximus refrains from any sponsorship of political parties, political individuals or government institutions. Management upholds strict standards on ethical and transparent behaviour. In the past years, Proximus has always had the policy to approach policy makers directly.

Social figures

Total number of employees (FTE) by employment contract (Proximus SA/NV)

	2017	2018
Employees	10,330.8	10,168.1
Workers	1,149.8	1,001.6

Total number of employees (FTE) by gender (Proximus SA/NV)

	2017	2018
Female	3,411.8	3,375.5
Male	8,068.8	7,794.2

Total number of employees (FTE) by employment contract, by gender (Proximus SA/NV)

		2017	2018
Employment contract			
Defined duration		161.0	184.0
Replacement contract		35.0	1.0
Statutory		3,746.9	3,238.6
Undefined duration		7,537.7	7,746.0
Gender			
Female	Defined duration	64.0	84.0
	Replacement contract	9.0	0.0
	Statutory	690.0	600.2
	Undefined duration	2,648.8	2,691.2
Male	Defined duration	97.0	100.0
	Replacement contract	26.0	1.0
	Statutory	3,056.9	2,638.4
	Undefined duration	4,888.9	5,054.8

Total number of employees (FTE) by employment contract, by region (Proximus SA/NV)

		2017	2018
Brussel / Bruxelles	Defined duration	54.0	51.0
	Replacement contract	8.0	0.0
	Statutory	1,589.8	1,372.5
	Undefined duration	5,005.1	5,021.2
Vlaanderen	Defined duration	70.0	83.0
	Replacement contract	19.0	0.0
	Statutory	1,096.9	954.1
	Undefined duration	1,217.4	1,341.5
Wallonie	Defined duration	37.0	50.0
	Replacement contract	8.0	1.0
	Statutory	1,060.2	912.0
	Undefined duration	1,315.3	1,383.4

Total number of employees (FTE) by employment type, by gender (Proximus SA/NV)

		2017	2018
Female	Full time	2,524.6	2,541.8
	Part time	887.2	833.7
Male	Full time	7,053.8	6,821.0
	Part time	1,015.0	973.2

Total number and rate² of new employee hires (FTE) during the reporting period, by gender and age group

	Female	Male	Total
2017	4.1% (139.0)	3.1% (251.3)	3.4% (390.3)
2018	5.2% (177.0)	4.8% (371.0)	4.9% (548.0)

	under 30	30-50	over 50	Total
2016	30.7% (327.0)	3.9% (258.0)	0.4% (16.0)	5% (601.0)
2017	25.2% (247.0)	2% (129.3)	0.3% (14.0)	3.4% (390.3)
2018	33.2% (341.0)	3.2% (201)	15% (6)	4.9% (548)

Total number and rate of employee turnover (FTE) during the reporting period, by gender and age group

	Female	Male	Total
2017	5.3% (181.2)	7.5% (608.2)	6.9% (789.4)
2018	4.9% (166.2)	7.4% (572.5)	6.6% (738.7)

	under30	30-50	over 50	Total
2017	11.9% (116.7)	2.1% (135.7)	13% (537)	6.9% (789.4)
2018	9.5% (96.1)	2.1% (119.9)	12.1% (522.7)	6.6% (738.7)

² We define a rate as being the number of new entries over the reporting period, divided by the total number of entries 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 by end of the reporting period)*100.

Total number of employees (FTE) that were entitled to parental leave, by gender

	Female	Male	Total
2017	1,084.9	2,382.9	3,467.8
2018	1,032.5	2,245.8	3,278.3

Total number of employees (FTE) that took parental leave, by gender

	Female	Male	Total
2017	185.6	163.9	349.5
2018	185.8	178.2	364.0

Total number of employees that returned to work in the reporting period after parental leave ended, by gender³

	Female	Male	Total
2017	214	193	385
2018	208	189	396

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender⁴

	Female	Male	Total
2017	192	193	385
2018 ³	203	166	369

³ Expressed in headcount, not FTE.

⁴ Expressed in headcount, not FTE.

Return to work⁵ and retention rates⁶ of employees that took parental leave, by gender

Return to work	Female	Male	Total
2017	99.1%	98.9%	99.0%
2018	97.7%	98.4%	98.0%

Retention rates	Female	Male	Total
2017	95.5%	93.2%	94.4%
2018 ⁴	94.0%	94.9%	94.4%

Average hours of training that the organization's employees (FTE) have undertaken during the reporting period, by gender and employee category (in hours)

	Female	Male	Total
2017	24	21	22
2018	23	24	24

	Executive	Senior Mgt	Middle Mgt	Lower Mgt	Employees
2017	23	27	24	32	19
2018	35	28	24	25	22

⁵ 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

⁶ 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

Types of injury, injury rate (IR⁷), occupational disease rate (ODR⁸), lost day rate (LDR⁹), absentee rate (AR¹⁰), and work-related fatalities, for all employees, with a breakdown by gender

IR	Female	Male	Total
2017	0.000006	0.000009	0.000006
2018	0.000005	0.000008	0.000007

ODR	Female	Male	Total
2017	0.0000004	0.0000003	0.0000003
2018	0	0.0000004	0.0000003

LDR	Female	Male	Total
2017	0.0002	0.0004	0.0004
2018	0.0002	0.0004	0.0003

AR	Female	Male	Total
2017	10.5%	6.2%	7.5%
2018	10.8%	6.3%	7.7%

Proximus had no work-related fatalities in 2017 and 2018.

⁷ 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

⁸ 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

⁹ Impact of occupational diseases and accidents as reflected in time off work by the affected workers. A Lost day is defined as time ('days') that cannot be worked (and are thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because 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

¹⁰ Measure of actual absentee days lost, expressed as the number of illness days divided by the number of theoretical working days, taking into account by definition the work regime of the person. An absentee is a worker absent from work because of taking an illness day (with or without attest), excluding work accidents & pregnancy. Calculation example for female employees: (sum of all the illness days registered amongst female employees/sum of all the theoretical working days amongst female employees)*100.

Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by gender

IR	Female	Male
2017	0	3
2018	0	2

Environmental figures

Being CO ₂ -neutral: Energy	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
Total energy consumption within the organization (TJ)			1,997	1,967	1,876		302-1e	✓
Total fuel consumption within the organization from non-renewable sources (TJ)			595	575	552		302-1a	✓
Heating: Natural gas (TJ)			105	101	101		302-1a	✓
Heating: Heating oil (TJ)			59	63	50		302-1a	✓
Vehicle fleet: Diesel (TJ)			429	409	398		302-1a	✓
Vehicle fleet: Petrol (TJ)			2	1	4		302-1a	✓
Total fuel consumption within the organization from renewable sources (TJ)			0	0	0		302-1b	✓
Electricity consumption (TJ)			1,402	1,392	1,323		302-1c	✓
% electricity consumed from renewable sources with GO, REC or IREC - Belgium/ Group			100/98	100/98	100/99	RE100 commitment		
Energy efficiency ratio (energy consumption within the organization in TJ vs total revenue in Mio €)			0.340	0.339	0.322		302-3	✓
Energy efficiency ratio (energy consumption within the organization in TJ vs FTE)			0.146	0.147	0.140		302-3	
Heating, cooling or steam consumption (TJ)			0	0	0		302-1c	
Electricity, heating, cooling or steam sold (TJ)			0	0	0		302-1d	

✓ : Assured by our external auditor

Being CO ₂ -neutral: Energy	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
Electricity consumption within the organization (GWh)			389	387	368			
Fixed and mobile network (GWh)			282	285	269			
Data Centers (GWh)			59	56	55			
Offices + Shops (GWh)			48	45	43			
Energy savings network (TJ)				137	47		302-4	
PUE data centers			1,66	1,63	1,65			

Being CO ₂ -neutral: GHG	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
CO ₂ e emissions scope 1 and 2 (KTons)			48.4	46.5	40.9			✓
Evolution CO ₂ e emissions scope 1 and 2 (vs previous year)			-4%	-4%	-12%		305-5	
Evolution CO ₂ e emissions scope 1 and 2 (vs 2015 baseline) - Science Based Target			-4%	-8%	-19%	-30% (2025)	305-5	
Evolution CO ₂ e emissions scope 1 and 2 (vs 2007 baseline)			-71%	-72%	-75%		305-5	
Carbon intensity (Tons CO ₂ e scope 1 and 2/Mio€ revenue)			8.2	8.0	7.0		305-4	
Carbon intensity (Tons CO ₂ e scope 1 and 2/# FTE's)			3.6	3.5	3.1		305-4	
CO ₂ e emissions scope 1 - heating, refrigerants and fleet fuel (KTons)			45.4	43.9	38.0		305-1	✓
CO ₂ e emissions scope 1 - heating (KTons)			10.9	11.0	10.0		305-1	
CO ₂ e emissions scope 1 - refrigerants (KTons)			4.8	4.6	0.3		305-1	
CO ₂ e emissions scope 1 - fleet fuel (KTons)			29.7	28.3	27.7		305-1	
CO ₂ e emissions scope 2 - electricity - market based method (KTons)			3.0	2.6	3.0		305-2	✓
CO ₂ e emissions scope 2 - electricity - location based method (KTons) ²			69.3	68.4	65.0			
CO ₂ e-emissions compensated by carbon credits (scope 1 en 2 en scope 3 business travel) (KTons)			50.0	47.9	42.2			
CO ₂ e emissions scope 3 (KTons) - 8 relevant categories ²	767		765	765	809		305-3	✓

✓ : Assured by our external auditor

Being CO ₂ -neutral: GHG	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
Evolution CO ₂ emissions scope 3 (vs 2014 baseline) - Science Based Target ²			0%	0%	+5%	-10% (2025) and -50% (2040)	305-3	
Scope 3 - category 1 - purchased goods and services (KTons) - Belgium ²	518		492	481	540		305-3	
Scope 3 - category 2 - capital goods (KTons) - Belgium ²	146		169	177	184		305-3	
Scope 3 - category 3 - fuel and energy related activities (not in scope 1 en 2) (KTons) - Group	11		11	11	11		305-3	
Scope 3 - category 4 - transportation and distribution (KTons) - Belgium	7		7	4	3		305-3	
Scope 3 - category 5 - waste disposal (KTons) - Belgium	1		1	1	1		305-3	
Scope 3 - category 6 - business travel (KTons) - Belgium	2		2	1	1		305-3	
Scope 3 - category 7 - employee commuting (KTons) - Belgium	5		4	4	4		305-3	
Scope 3 - category 11 - use of sold products (KTons) - Belgium ²	78		80	87	64		305-3	

 Deloitte provided a limited external assurance on these indicators for the year 2018

1. 99% of the hazardous waste is battery related and temporary high because of the network migration program
2. Restatement of figures due to better data quality and/or update of emission factors
3. New calculation methodology - direct refill reports from subcontractors (better data quality)

 : Assured by our external auditor

Being circular	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
Waste (KTons) - Belgium			14.5	11.8	14.7		306-2	✓
% of hazardous waste - Belgium			2.8%	4.3%	4.0%		306-2	✓
% waste reused/recycled - Belgium			88%	85%	87%	90% in 2025	306-2	✓
Non-hazardous waste - recycled or reused (KTons) - Belgium			12.3	9.6	12.2		306-2	✓
Non-hazardous waste - with energy recovery (KTons) - Belgium			1.8	1.7	2.0		306-2	✓
Hazardous waste - recycled or recovered (KTons) - Belgium ¹			0.4	0.5	0.6		306-2	✓
Mobile phones collected in Proximus and Tango shops for reuse and recycling			2,141	4,493	9,237		306-2	
Mobiles phones collected in schools with GoodPlanet Belgium for reuse and recycling			25,000	14,000	9,042	200,000 in 2013-2020		
Number of refurbished computers offered to schools as reward for mobile phone recycling			320	250	156			
Number of refurbished modems			170,765	122,397	182,553		301-2	
Number of refurbished modems/number of new installed modems (%)			24%	24%	32%		301-3	
Number of refurbished TV decoders			134,356	199,797	222,991		301-2	
Number of refurbished TV decoders/number of new installed TV decoders (%)			19%	56%	44%		301-3	
Evolution average energy consumption customer decoders vs 2014	0%		-28%	-33%	-41%	-50% (2019 vs 2014)	302-2,5	
Paper consumption (KTons)			299	260	194			
Water ('000L) - Belgium			123,530	124,611	146,599		303-1	

Sustainable supply chain	2014 baseline	2015 baseline	2016	2017	2018	Target	GRI indicator	Ext. audit
% of the total spend covered by supplier CSR scorecards - Proximus PLC			43%	40%	40%			
Number of onsite audits in collaboration with JAC			69	89	91			

✓ : Assured by our external auditor

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 & what we do, p.8		
	102-3	Location of headquarters	Boulevard du Roi Albert II, 27B - 1030 Bruxelles		
	102-4	Location of operations	Who we are & what we do, p.8		
	102-5	Ownership and legal form	Proximus governance model, p.68		
	102-6	Markets served	Who we are & what we do, p.8		
	102-7	Scale of the organization	Social figures, p.134 Key Financial Highlights, p.10-12		
	102-8	Information on employees and other workers	Social figures, p.134-135	Reporting on employees of contractors is considered not applicable to Proximus Group.	
	102-9	Supply chain	Sustainable supply chain, p.64		
	102-10	Significant changes to the organization and its supply chain	N.A.	None to report on in 2018	
	102-11	Precautionary principle or approach	Proud to be CO ₂ neutral, p.61		
	102-12	External initiatives	#embracedifference pledge; DigitalforHer declaration; Decent work for all - Commitment charter	non-exhaustive list	

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	102-13	Membership of associations	ETNO VBO/FEB VOKA Agoria BECI (Union des entreprises de Bruxelles) UWE (Union Wallonne des Entreprises) Cercle de Wallonie VKW Benelux Business Roundtable GSMA Center on Regulation in Europe ISPA Belgium ETIS Guberna Cyber Security Coalition The Shift Be.Face Joint Audit Cooperation Talent2Connect Belgian Association of Marketing	non-exhaustive list	
Strategy	102-14	Statement from senior decision-maker	Foreword from our CEO & Chairman, p.4-7		
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Doing business right, p.50-51 Foreword from our CEO & Chairman, p.4-7 Code of conduct (available on our website) Values: collaboration, agility, accountability, customer orientation and digital mindset		
Governance	102-18	Governance structure	Corporate governance statement, p.68-74		
	102-19	Delegating authority	Proximus governance model, p.68 Non-financial governance, p.81		
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder engagement and materiality determination, p.130		
	102-41	Collective bargaining agreements	98.5% of employees covered by collective bargaining agreements (all employees except Extended Leadership Team)		
	102-42	Identifying and selecting stakeholders	Proximus selects its stakeholders based on its business, their relevance to our industry and our main contribution themes. We include all those impacted by our operations, as well as those we partner and maintain a relationship with.		
	102-43	Approach to stakeholder engagement	Stakeholder engagement and materiality determination, p.130-133		
	102-44	Key topics and concerns raised	Stakeholder engagement and materiality determination, p.130-133		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Reporting practice	102-45	Entities included in the consolidated financial statements	The basis for the entities covered in the consolidated financial statements is Proximus Group' legal structure. All entities covered by the consolidated financial statements are also included in the report.		
	102-46	Defining report content and topic Boundaries	Non-financial reporting approach 2018, p.1 Transparency, p.122		
	102-47	List of material topics	Our materiality matrix, p.27 Material topics, p.157-158		
	102-48	Restatements of information	There is no restatement of information unless specifically otherwise stated in the text		
	102-49	Changes in reporting	Stakeholder engagement and materiality determination, p.128		
	102-50	Reporting period	Jan 1 to Dec 31, 2018		
	102-51	Date of most recent report	March, 2017		
	102-52	Reporting cycle	Annually		
	102-53	Contact point for questions regarding the report	csr@proximus.com		
	102-54	Claims of reporting in accordance with the GRI standards	Non-financial reporting approach 2018, p.1		
	102-55	GRI Content index	GRI Content Index, p.142-156		
	102-56	External assurance	Transparency- external assurance, p.124		
Linked with high material topic: Innovation and sustainable infrastructure					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Future-proof digital infrastructure, p.29-31 Digital innovation, p.31-35 Boundaries: - Inside: management of Proximus Group - Outside: all customers, communities and governments institutions in countries of operations.		
	103-2	The management approach and its components	Future-proof digital infrastructure, p.29-31 Digital innovation, p.31-35 Proximus governance model, p.68 Non-Financial governance, p.81 Transformation & Innovation Committee, p.71		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-Financial governance, p.81 Transformation & Innovation Committee, p.71 Overview of non-financial information, p.118		
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Future-proof digital infrastructure, p.29-31		
	Own indicator	4G indoor coverage	Future-proof digital infrastructure, p.30 Overview of non-financial information, p.118		✓
	Own indicator	4G outdoor coverage	Future-proof digital infrastructure, p.30 Overview of non-financial information, p.118		✓
	Own indicator	Fixed internet: 30 Mbps coverage	Future-proof digital infrastructure, p.30 Overview of non-financial information, p.118		✓
	Own indicator	Combined average VDLS & ADSL speed	Future-proof digital infrastructure, p.30 Overview of non-financial information, p.118		
	Own indicator	Vectoring coverage in Belgium	Future-proof digital infrastructure, p.30 Overview of non-financial information, p.118		
	Own indicator	Number of projects with universities/ education institutes	Digital innovation, p.31 Overview of non-financial information, p.118		✓
Linked with high material topic: Digital competitiveness of companies and institutions					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Digital innovation, p.31-35 Boundaries: - Inside: management of Proximus Group - Outside: all customers, communities and governments institutions in countries of operations.		
	103-2	The management approach and its components	Digital innovation, p.31-35 Proximus governance model, p.68 Non-Financial governance, p.81		
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-Financial governance, p.81 Overview of non-financial information, p.118		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Future-proof digital infrastructure, p.29-31		
	Own indicator	Active M2M cards	Digital innovation, p.31 Overview of non-financial information, p.118		
	Own indicator	ICT Revenues (national + international)	Digital innovation, p.31 Overview of non-financial information, p.118		
Linked with high material topic: Business conduct and ethics					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Doing business right, p.50-51 Boundaries: - Inside: Proximus Group (management and employees) - Outside: all customers, suppliers, communities, and government institutions in countries of operations		
	103-2	The management approach and its components	Doing business right, p.50-51 Proximus governance model, p.68-69 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Doing business right, p.50-51 Proximus governance model, p.68-69 Non-financial governance, p.81 Overview of non-financial information, p.119		
GRI 205: Anticorruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Proximus governance model, p.68-69		
	205-3	Confirmed incidents of corruption and actions taken	In 2018, one incident on corruption, although not directly aimed at Proximus, could be mentioned as one employee has been interrogated in a corruption case during the reporting period. No employees were dismissed or disciplined for corruption and no contracts with business partners were terminated or not renewed due to violations related to corruption.		
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	Proximus governance model, p.68-69		
	Own indicator	Number of cases investigated by the Investigations department for violation of policies/code of conduct	Doing Business right, p.50 Overview of non-financial information, p.119		✓
	Own indicator	Number of whistleblowing cases	Doing Business right, p.50 Overview of non-financial information, p.119		✓

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Linked with high material topic: Quality products and services					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Customer first, p.41-44 Boundaries: - Outside: all customers		
	103-2	The management approach and its components	Customer first, p.41-44 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Customer first, p.41-44 Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.119		
GRI 416: Customer Health and Safety 2016	Own indicator	Blended usage satisfaction (residential customers)	Customer first, p.41 Overview of non-financial information, p.119		
Linked with high material topic: Pricing and billing transparency					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.158 Customer first, p.43-44 Boundaries: - Outside: all customers		
	103-2	The management approach and its components	Customer first, p.43-44 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Customer first, p.43-44 Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.119		
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Consolidated management report (available on our website) 3 legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation Outcomes of legal actions: nothing to report		
	Own indicator	Decrease in complaints related to invoices (residential customers)	Customer first, p.41 Overview of non-financial information, p.119		

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GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Linked with high material topic: Energy and greenhouse gases					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Proud to be CO ₂ neutral, p.61-63 Boundaries: - Inside: management of Proximus Group - Outside: suppliers, communities and customers in countries of operations.		
	103-2	The management approach and its components	Proud to be CO ₂ neutral, p.61-63 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Proud to be CO ₂ neutral, p.61-63 Overview of non-financial information, p.120 Proximus governance model, p.68 Non-financial governance, p.81		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental figures, p.138-139		✔
	302-3	Energy intensity	Environmental figures, p.138-139		
	302-4	Reduction of energy consumption	Environmental figures, p.138-139 Proud to be CO ₂ neutral, p.61 Overview of non-financial information, p.120		
	302-5	Reductions in energy requirements of products and services	Environmental figures, p.141		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental figures, p.139 Transparency, p.124		✔
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental figures, p.139 Transparency, p.124		✔
	305-3	Other indirect (Scope 3) GHG emissions	Environmental figures, p.139-140 Transparency, p.125-126		✔
	305-4	GHG emissions intensity	Environmental figures, p.139		
	305-5	Reduction of GHG emissions	Environmental figures, p.139-140 Proud to be CO ₂ neutral, p.61 Overview of non-financial information, p.120		
	Own indicator	Carbon neutrality level for own operations and business travel	Proud to be CO ₂ neutral, p.61 Overview of non-financial information, p.120		

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GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Linked with high material topic: Sustainable Supply Chain					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Sustainable supply chain, p.64-65 Boundaries: - Inside: management of Proximus group - Outside: suppliers and communities in countries of operations		
	103-2	The management approach and its components	Sustainable supply chain, p.64-65 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Overview of non-financial information, p.121 Sustainable supply chain, p.64-65 Proximus governance model, p.68 Non-financial governance, p.81		
GRI 308: Suppliers environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainable supply chain, p.64-65 Overview of non-financial information, p.121		
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable supply chain, p.64-65 In 2018, 18% (22) of suppliers screened on environmental risks had a negative score. None of them saw their relationship with Proximus Group terminated as a result of the assessments. These are used to promote sustainability among suppliers and to raise their sustainability standards. Suppliers screened on environmental risks with a negative score are systematically reassessed the year following the initial assessment. Action points of sustainability audits are systematically followed-up by Proximus Group within the Joint Audit Cooperation.		
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainable supply chain, p.65		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainable supply chain, p.64-65 100 % of investment agreements include human rights clauses or underwent such screening. We define significant investment agreements as contracts with a value above or equal to €125 K.		
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	Sustainable supply chain, p.64-65 Overview of non-financial information, p.121		

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GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable supply chain, p.64-65 In Year 2018, 25% (18) of suppliers screened on labour practices & human rights risks had a negative score. None of them saw their relationship with Proximus Group terminated as a result of the assessments. These are used to promote sustainability among suppliers and to raise their sustainability standards. Suppliers screened on labour practices & human rights risks with a negative score are systematically reassessed the year following initial assessment. Action points of sustainability audits are systematically followed-up by Proximus Group within the Joint Audit Cooperation.		
	Own indicator	% of the total spend covered by supplier CSR scorecards - Proximus PLC	Environmental figures, p.141		
	Own indicator	Number of onsite audits in collaboration with JAC	Environmental figures, p.141		
Linked with high material topic: Circular economy: electronic waste and equipment recycling					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Part of the circular economy p.63-64 Boundaries: - Inside: management of Proximus group - Outside: communities and customers in countries of operations		
	103-2	The management approach and its components	Part of the circular economy, p.63-64 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Environmental figures, p.141 Overview of non-financial information, p.120 Proximus governance model, p.68 Non-financial governance, p.81		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 301: Materials	301-3	Reclaimed products and their packaging materials	Part of the circular economy, p.63-64 Environmental figures, p.141 Overview of non-financial information, p.120	Reporting on reclaimed packaging material is considered not relevant for Proximus Group since customers are also allowed to bring the oldest end-of-life devices as scrap to WEEE recycling points in the local municipal container parks. Since Proximus Group is a member of Recupel, we rely on them to manage this recycling channel. The container parks report the WEEE figures to the Recupel organization but Proximus Group has no view on this data.	
GRI 306: Effluents and waste 2016	306-2	Waste by type and disposal method	Part of the circular economy, p.63 Overview of non-financial information, p.120 Environmental figures, p.141		
Linked with high material topic: Human capital and employee development					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Caring for our employees, p.44-48 Boundaries: - Inside: Proximus employees		
	103-2	The management approach and its components	Caring for our employees, p.44-48 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Caring for our employees, p.44-48 Overview of non-financial information, p.119 Proximus governance model, p.68 Non-financial governance, p.81		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Social figures, p.135		

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GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 404: training and education 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Proximus doesn't exclude part-time or temporary employees from the benefit package aimed at the full-time employees. However, 1) for benefits with a direct link with remuneration/service, the level of the benefit is impacted by the part-time regime at due proportion (supplementary retirement plan, death coverage, disability coverage) 2) Supplementary retirement plan foresees a minimum of 1 year of service to get pension rights (this rule doesn't apply anymore as from 1/1/2019). This rule impacts the very short (and not prolonged) temporary contract.	As Proximus makes no exception for the benefits given to its employees, a definition for "significant locations of operation" is not relevant to add.	
	401-3	Parental leave	Social figures, p.136		
	404-1	Average hours of training per year per employee	Social figures, p.136		
	404-2	Programs for upgrading employee skills and transition assistance programs	Caring for our employees, p.44 Overview of non-financial information, p.119 (Proportion of Proximus employees actively looking for knowledge or people by using our enterprise social network (#WAP))		
GRI 404: training and education 2016	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	Employee engagement	Caring for our employees, p.44 Overview of non-financial information, p.119		
Linked with high material topic: Health and safety					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Caring for our employees, p.48-50 Boundaries: - Inside: Proximus employees		
	103-2	The management approach and its components	Caring for our employees, p.48-50 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Overview of non-financial information, p.119 Proximus governance model, p.68 Non-financial governance, p.81		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
Material topic 403: occupational health & safety 2018	403-1	Occupational health and safety management system	Caring for our employees, p.48-50		
	403-2	Hazard identification, risk assessment, and incident investigation	Caring for our employees, p.48-50 Every accident at work occurring at Proximus must be reported as quickly as possible on a national & free phone number. A separate procedure exists for the subsidiaries. This can be consulted via Human Resources/HR department of the subsidiary. Accident data is treated by the RISK department in a database & each work accident analysis will be performed by the Corporate Prevention & Protection Department (CPP). In case of a serious accident at work, CPP will ensure it is reported as required to the Well-being at Work supervisory body or any other public authorities. For each work accident CPP will look together with the management of the concerned department for prevention and/or protection measurements as to prevent that the accident will happened again under the same circumstances.		
	403-3	Occupational health services	Caring for our employees, p.48-50	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for our employees, p.48-50		
	403-5	Worker training on occupational health and safety	Caring for our employees, p.48-50	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees	

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	403-6	Promotion of worker health	Caring for our employees, p.48-50	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for our employees, p.48-50		
	403-9	Work-related injuries	Caring for our employees, p.48-50 Social figures, p.137 Overview of non-financial information, p.119	We took the step to disclose on health and safety according to the updated version of the GRI disclosure concerning occupational health and safety (2018), even though this will only be compulsory from 2021. This year, we focus on reporting the required information about our own employees.	
Linked with high material topic: Connectivity and digital inclusion					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Digital for all, p.53-56 Boundaries: - Inside: management of Proximus Group - Outside: government institutions, communities and customers in countries of operations		
	103-2	The management approach and its components	Digital for all, p.53-56 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.120		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
GRI 413: local communities 2016	Own indicator	Percentage of accessible tested devices (at least for 1 disability category)	Digital for all, p.53 Overview of non-financial information, p.120		✔
	Own indicator	Number of job seekers supported by our initiatives in Belgium	Digital for all, p.53 Overview of non-financial information, p.120		✔
	Own indicator	Number of sick children connected to their school by Bednet and Take Off	Digital for all, p.53 Overview of non-financial information, p.120		✔
Linked with high material topic: Privacy and data security					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Digital trust, p.35-39 Boundaries: - Inside: Proximus Group (management and employees) - Outside: government institutions, communities and customers in countries of operations		
	103-2	The management approach and its components	Digital trust, p.35-39 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.118		
GRI 418: customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2018, Proximus reported 4 personal data incidents to the Belgian Data Protection Authorities.		
	Own indicator	International certifications related to privacy and cybersecurity	Digital trust, p.36 Overview of non-financial information, p.118		
Linked with high material topic: Responsible marketing					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.157 Customer first, p.43-44 Boundaries: - Inside: management of Proximus Group - Outside: customers in countries of operations		
	103-2	The management approach and its components	Customer first, p.43-44 Proximus governance model, p.68 Non-financial governance, p.81		

GRI standard	#	GRI disclosure	Page number(s), URL(s) and/or information	Omission	Ext. audit
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.119		
GRI 417: Marketing and labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	Customer first, p.41 Overview of non-financial information, p.119		
Linked with high material topic: customer relationship					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundaries	Material topics, p.158 Customer first, p.41-44 Boundaries: Outside: all customers, in countries of operations		
	103-2	The management approach and its components	Customer first, p.41-44 Proximus governance model, p.68 Non-financial governance, p.81		
	103-3	Evaluation of the management approach	Proximus governance model, p.68 Non-financial governance, p.81 Overview of non-financial information, p.119	We don't disclose this information as it is commercially sensitive information	
GRI 416: Customer Health & safety 2016	Own indicator	Happy House in-home experience satisfaction rate	Customer first, p.41 Overview of non-financial information, p.119		

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Material topics

Material topic: Innovation and sustainable infrastructure

Keeping up to date with the newest technologies and including them within the products and services portfolio. Investments in digital infrastructure (connectivity -5G, Fiber, network) and innovation in smart energy, smart mobility, smart cities, smart education, smart buildings, smart health, smart security, etc

Material topic: Connectivity and digital inclusion

How the company makes sure that its infrastructure is up-to-date and inclusive for all members of the community, as well as ensuring that the connectivity of the customers is at all times at a good level. Further it relates to the digital inclusion of the all layers of the general public.

Material topic: Energy and greenhouse gases

Energy consumption, plans to reduce it and how this affects emissions. It also includes overall contribution of the company to climate change due to its emissions and the plans in place or in plan to minimize this impact and reduce emissions.

Material topic: Circular economy; Electronic waste and equipment recycling

How the company deals with waste management system and solutions to create

less waste and recycle equipment. How the company contributes to the circular economy. It comprises the use of recycled material and actions related to promoting recycling.

Material topic: Business conduct & Ethics

Comprises the conduct of business practices in regard to transparency, integrity, corruption, lawsuits and claims. It should include the corporate governance of the company.

Material topic: Sustainable supply chain

The way the company manages its responsibility towards the sustainability practices of its supply chain. Some other topics already involve this issue, however Proximus should also present an overarching approach to manage the impact of its supply chain and address its economic impact.

Material topic: Privacy & data security

The way the company makes sure that privacy laws are complied with, and that the data of the customers are handled in a secure way. The topic also relates to GDPR and the development of new technologies relating to this topic.

Material topic: Health and safety

The way the company treats its employees in terms of health and safety in linkage to production and overall health and safety management.

Material topic: Human capital & employee development

How the company deals with its human

capital including labor conditions. It includes topics such as: Diversity and inclusion; gender; aging population; turn-over; training and development.

Material topic: Social engagement and development

How the company deals with the local communities from the places where it has operations. Further it relates to the support of local initiatives such as Child focus and Talent2Connect. Topics might include: hiring of local community, environmental impact on local community, donations and CSR/ Sustainability work in local communities.

Material topic: Digital competitiveness of institutions and companies

How the company is enhancing the competitiveness of institutions, cities and companies in terms of digitalization.

Material topic: Remuneration

Disclose the policies related to remuneration and specially to senior management remuneration (including bonuses).

Material topic: Responsible sourcing and resource efficiency

Due to the growing resource scarcity that the world is facing and the pressure it puts on the current system, companies are encouraged to take part in the solution and invest in green innovations (through greener products or through process that reduce their impact).

Material topic: Quality products and services

How the company ensures that it delivers top quality products and services to its customers, including safe and healthy products.

Material topic: Responsible taxes and state contribution

Concerns the payment of taxes compliant with relevant legal, regulatory and professional requirements, including reference total avoidance and evasion as well as the application of sustainable tax strategies. The fulfilment of responsibilities related to the payment of taxes and other government levies. Further it relates to dividends issued to the state (main shareholder) and the employment of Belgian workforce

Material topic: Lawsuits/claims

Concerns all law suits or claims that were placed over the company in the concerning year. It refers to both social or environmental complaints.

Material topic: Responsible marketing

The policies and practices around marketing and advertising.

Material topic: Sponsoring

Includes the contribution of the company to the community in terms of financial support or voluntary work. Additionally, it relates to support of local initiatives and sport activities such as the Red Devils and music festivals etc.

Material topic: Redundancies

Explanation on how the company deals with redundancies. Issue relevant specially in years that the company has been hit by a crisis.

Material topic: Human rights

How the company is ensuring that labour conditions align with international standards. Human rights relate to the basic rights that form the foundation for freedom, justice and peace, which apply equally and universally in all countries (UN Universal Declaration).

Material topic: Pricing and billing transparency

How the company discloses its pricing of its different products and services in a transparent way.

Material topic: Customer relationship

How the company ensures that customers are satisfied. It also includes the impact on their health of these customers and providing them with all necessary information.

KPI definition

4G indoor coverage

The indoor coverage refers to the average coverage of 4G inside of buildings. The 2018 figure is based on a Q4 measurement by an external agency, Commsquare.

4G outdoor coverage

The outdoor coverage refers to the average coverage of 4G outside of buildings. The 2018 figure is based on a Q4 measurement by an external agency, Commsquare.

Fixed Internet: 30Mbps coverage

This is the percentage of homes in Belgium that can be connected to our network with a speed of at least 30 Mbps. This includes copper & fiber homes passed.

Average DSL speed

This records the average DSL speed of the homes connected to the Proximus DSL network.

Vectoring coverage in Belgium

This records the percentage of Belgium which is covered by the vectoring technology. This

technology allows for higher speed of the copper network connections.

Active M2M cards

Records the number of M2M (machine to machine) active cards in our network, not including the connections to our LORA network.

ICT revenues (national + international)

This corresponds to all ICT revenues realised by the Proximus Group (including affiliates), both internationally and in Belgium.

International certifications related to privacy and cybersecurity

Records the number of international certifications Proximus has acquired in the domain of cybersecurity and privacy.

Employee Engagement

Average result of the employee engagement survey (SpeakUp), measuring engagement, agility and strategic alignment of the Proximus employees.

Frequency rate of occupational accidents

Number of occupational accidents (multiplied

by 1.000.000) divided by the total number of hours worked by Proximus S.A. employees.

Severity rate of occupation accidents

Number of lost days due to occupational accidents (multiplied by 1.000) divided by the total number of hours worked by Proximus S.A. employees.

Percentage of accessible tested devices (at least for 1 disability category)

Percentage of devices which have been tested and proven accessible for at least one disability category by our partner Passe-Muraille.

Number of job seekers supported by our initiatives in Belgium

Number of job seekers which were helped through our initiatives (Digitalent, 19, Technobel) over the course of the year.

Unique reach of Music & Sports content on Proximus platforms

Unique reach on Pxs Social Media Platforms = is the total number of unique users who see your content

Unique reach of sponsoring events

Unique visitors on sponsored events (estimate based on organization's figures)

CSR investment amount: financial, in kind, time

The amount invested in our CSR initiatives (including our social and environmental initiatives), including in kind, financial and Proximus S.A. employee time contribution.

CSR investment amount in percentage of net income

The percentage of Proximus S.A.'s net income that our investment in social and environmental initiatives (in kind, financial and time) represents.

Electricity used which came from renewable energy sources

Percentage of electricity used by Proximus Group which came from renewable energy sources.

Carbon neutrality level for own operations and business travel

To which extent Proximus Group is carbon

neutral for all its operations and business travel.

Carbon emissions scope 1+2 compared to previous year

Carbon footprint of Proximus group, in line with the GHG protocol, including the emissions related to heating gas and fuel, electricity consumption and fleet fuel.

Energy consumption compared to 2008

Decrease or increase seen in the energy consumption of Proximus Group in comparison with 2008 (when we set our objective to reduce our carbon footprint by 70% in the period 2007- 2020).

Percentage of waste recycled, reused or composted

The percentage of waste produced by Proximus S.A.'s operations which was then recycled, reused or composted. The remaining percentage is incinerated with energy recovery.

Collected mobile phones

Number of mobile phones collected over the course of the year in the aim of recycling them.

1 Based on the EcoVadis assessment and on the total number of suppliers assessed.

2 Based on the EcoVadis assessment and on the total number of suppliers assessed.

3 Following the definition, people who ended their parental leave in 2018 cannot yet be counted as 12 months have not passed.

4 Following the definition, people who ended their parental leave in 2018 cannot yet be counted as 12 months have not passed

Proximus PLC under Belgian Public Law, Bd. du Roi Albert II 27 – 1030 Brussels – Belgium

proximus

Proximus Group



Proximus SA de droit public / NV van publiek recht

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To the board of directors

We have been engaged to perform limited review procedures aimed at expressing a limited assurance conclusion on a selection of non-financial performance indicators (the "Non-Financial Data") published in the document "Annual Report 2018" of Proximus SA de droit public / NV van publiek recht ("Proximus") for the year ended 31 December 2018 (the "Document"). 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:

Enabling a better digital life

- 4G indoor coverage
- 4G outdoor coverage
- Fixed internet: 30Mbps coverage
- Number of projects with universities/education institutes

Respecting our environment

- Energy efficiency index (energy consumption vs total revenue) – 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 and 11 (KTons) – Belgium
- 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

Caring for our stakeholders

- Number of cases investigated by the investigations department for violation of policies/code of conduct
- Number of whistleblowing cases

Contributing to society

- Number of job seekers supported by Proximus initiatives in Belgium
- Number of sick children connected to their school by Bednet and Take Off
- Percentage of accessible tested devices (at least for 1 disability category)

The scope of our work has been limited to the Non-Financial Data covering the year 2018 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 B.V., Telindus Luxembourg SA, Tango Luxembourg SA and BICS SA (the "Group"). The limited review was performed on the data gathered and retained in the reporting scope by Proximus. Our conclusion as formulated below covers therefore only these Non-Financial Data and not all information included in the Document.

Proximus SA de droit public / NV van publiek recht

Independent auditor's report on the limited review performed on a selection of non-financial performance indicators published in the document "Annual Report 2018" of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2018

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 Document 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.

Nature and scope of our engagement

Our responsibility is to express an independent conclusion on the Non-Financial Data based on our limited review. Our report has been made in accordance with the terms of our engagement letter dd. 7 February 2019.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

Our procedures are aimed at obtaining limited assurance on the fact that the Non-Financial Data do not contain material misstatements. These procedures are less profound than the procedures of a reasonable assurance engagement.

The scope of our work included, amongst others, the following procedures:

- Assessing and testing the design and functioning of the systems and procedures used for data-gathering, processing, classification, consolidation as well as validation of the methods used for calculating and estimating the Non-Financial Data published in the Document;
- Conducting interviews with responsible officers;
- 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.

Conclusion

Based on our limited review, as described in this report, nothing has come to our attention that causes us to believe that the Non-Financial Data, as defined above, related to Proximus published in the Document, have not been prepared, in all material respects, in accordance with the GRI standards and Proximus' internal non-financial reporting guidelines.

Zaventem, 1 March 2019

The independent auditor

DELOITTE Bedrijfsrevisoren CVBA / Réviseurs d'Entreprises SCRL

Represented by Nico Houthaeve