



A digital sustainable society



2017

Proximus Group Annual Report

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About this report

This report is part of the management report and includes the non-financial information relating to social, environmental and employee matters, the respect of human rights and the fight against corruption, as required by the Law of 3 September 2017, which implements the European Directive 2014/95 of 22 October 2014. The diversity information that is to be provided under this same law is included in the Management Report.

For the elaboration of this non-financial reporting, we relied on the GRI Standards principles. When possible, we made references to the GRI indicators. We have the ambition to organise a specific stakeholder dialogue and to further identify the topics that are material for Proximus in 2018.

This report covers the activities during 2017.

There is no restatement of information unless specifically otherwise stated in the text.

Proximus CSR information has been validated by Deloitte on a number of key performance indicators. This Deloitte statement can be found in Annex B of this report.



Statement from the Chairman and the CEO

We're staying true to our Fit for Growth strategy...

Facing many challenges in a continuously changing market and era of digital transformation and climate change, we will continue our strategy and transformation to become a Digital Service Provider delivering a superior customer experience, helping customers reap the benefits of digital transformation. To achieve this ambition, we continue to implement our Fit for Growth strategy which has proved to be the right one, strengthening our company and leading to profitable and sustainable growth.

Our guiding purpose is to connect everyone and everything so people live better and work smarter. Proximus wants to play a positive role in the digitization of all aspects of life, work and public services, for a more prosperous digital Belgium. This way we'll not only stay relevant and matter to our customers, but also to our stakeholders, to the environment, to you...

Proximus is firmly committed to the sustainable development of a dynamic and competitive service offering for the industry, citizens, cities, public authorities and institutions. Investing in next-generation networks is crucial for the development of our digital society and economy. We want to be more than just network supplier. The real value for the digital economy will lie in secure services and platforms and in the ecosystems we will be building on those networks. This way we will be able to create value locally in a new way,

At Proximus we are committed to the Digital future, a fu-

ture in which everyone can take part. With our technologies, we want to shape an eco-system, allowing everyone to connect with the digital future and allowing to contribute to solving societal problems such as cyber security, mobility, unemployment.

As one of Belgium's biggest employers, with over 13,600 direct and close to 15,000 indirect jobs, we want everyone to take part of today's and tomorrow's digital opportunities and close the digital divide gap. We do this through our Digitalent program and 'introductory internships' immersing low-skilled jobseekers in the ICT world to support them finding a job. Through our Technobel initiative we realized more than 100,000 training hours and through our Web Experts initiatives in more than 150 schools and Smart Cafés, helping the older generation to stay connected with the new digital society. Our employees also play an active role with the Safer Internet initiative at schools. In collaboration with Child Focus, our employees have trained 77,000 pupils to the safe use of Internet and social media. We are also very proud that we became CO₂ neutral in 2016, as one of the first European Telco companies who can say so, thanks to the many green initiatives taken over the past years. We also take our responsibility towards a cleaner planet, with our GSM recycling program in schools and in our shops, through which we collected more than 18,000 phones in 2017 and through our energy efficiency programs.



CSR Governance & Strategy

CSR governance

Our mission, corporate values (Collaboration, Agility and Accountability), Corporate Governance Charter, Code of Conduct, Compliance Office, and Policies serve as the foundation of our approach to CSR. In addition, we have defined our corporate strategy in such a way as to ensure sustainable growth.

Our internal CSR governance and reporting structure is built around three entities: the Executive Committee, the CSR team, and representatives from each Business Unit who are responsible for implementing our action plans.

Given the close links with our residential customers, CSR is integrated into the Communication division of the Consumer Business Unit. However, it retains a transversal role within the organization. The CSR Manager regularly reports to the Executive Committee through the intermediary of the Chief Corporate Affairs Officer. Every quarter, the CSR achievements and objectives are presented to our CEO.

CSR Strategy

Our Corporate Social Responsibility (CSR) strategy aims to create shared value for our company and for our stakeholders. Through our activities, we want to contribute in a sustainable way to technological, economic and social progress.

In 2017, our CSR activities sought to pursue the achievement of our strategy based on three main pillars: education,

communities and the environment. As a company committed to the integrity of its CSR principles, we ensure that our suppliers and subcontractors also apply CSR standards in their own activities.

Education

Safer Internet & Web Experts for children
Smart café for everyone
Proximus Foundation & Technobel for young jobseekers

Communities

Bednet & Take off for children with a long-term illness
Accessible devices for people with disabilities
Community action

Green

Collect & recycle for schools and customers
Reduction of the carbon footprint of Proximus and its customers
Green products for our business customers

Raise the CSR standards of our suppliers and subcontractors

We intend to ensure that our technologies become familiar to everyone so that they can be used easily and safely by all. Given that ICT is an important element in social inclusion, our aim is to reduce the digital gap in society, and ensure that every group can access ICT technology in a safe way, whether they are children, seniors, unemployed or otherwise disadvantaged.

We put our technologies at the service of the communities which stand to benefit most from them, in particular sick children, the disabled and people living in precarious circumstances.

At the environmental level, we set ourselves ambitious objectives to reduce our footprint and help our customers

reduce their own footprints thanks to the solutions we are able to offer them. We also want to encourage the collection and recycling of obsolete devices and equipment. We have been carbon neutral for our own operations since 2016.

Proximus works with some 4,000 suppliers of products and services every year, and together we endeavor to adhere to the CSR standards on labor, ethics, safety and environment throughout our whole supply chain. This can be accomplished by raising their CSR performance and improving their own supply chain management while increasing our own efficiency.


Sustainable Development Goals

17 Sustainable Development Goals were adopted by the UN in 2015 with the 2030 Agenda for Sustainable Development. They form an action plan to free humanity from

poverty and shift the world on to a sustainability path.



Proximus mainly contributes to 8 of these goals:

SDG	Commitment	Reference
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • The well-being of our employees is at the heart of our human resources policy. • By respecting strict environmental standards and informing our customers, we help to reduce their exposure to electromagnetic waves. 	Annual report and “Climate and Environment” section
 <p>4 QUALITY EDUCATION</p>	<p>Proximus organizes, supports and promotes education linked to or supported by technology:</p> <ul style="list-style-type: none"> • In schools: <ul style="list-style-type: none"> - Safer Internet: lessons on safe Internet use for children in the 5th and 6th year of primary school - Bednet and Take Off: chronically sick children are connected to their school via the Internet - Close the Gap: provision of recycled computer equipment • For job seekers: <ul style="list-style-type: none"> - Digitalent: hands-on workshops on 3D design and printing, electronics, programming and web design - Technobel: ICT competence center in partnership with FOREM, the regional office of training and employment • For our employees: Proximus Corporate University 	“Education” section
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> • Increasing the energy efficiency of our data centers, network and building offices • Products and solutions which allow our customers to reduce their energy consumption 	“Climate and Environment” section
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • We give opportunities to job seekers: <ul style="list-style-type: none"> - Courses with Technobel and the Digitalent project of the Proximus Foundation - Transition internships: first work experience - Volunteer employees, e.g. in connection with the sponsoring projects of Be.Face and the mentoring projects of Team4Job • We give opportunities to disadvantaged students thanks to employees volunteering in the Bright Future project of Be.Face. • Accountability within our supply chain: <ul style="list-style-type: none"> - CSR clause in each contract - Proximus is a member of the Joint Audit Corporation (JAC) along with 15 other ICT companies. The JAC organizes on-site audits to evaluate the CSR performance of suppliers • Proximus takes part in the Talent2Connect project arising from the «Decent Work for All» charter signed in 2016 	“Education”, “Communities” and “Supply Chain” sections
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> • We deploy our fixed and mobile networks throughout Belgium • We develop solutions that reduce our own and our customers’ impact on the environment: <ul style="list-style-type: none"> - Data centers - «Green» products and services for our business customers - Smart mobility - Smart cities 	Annual Report and “Climate and Environment” section
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> • An inclusive human resources policy based on talent • Opportunities for job seekers: the Digitalent project and introductory internships • Web Experts: project in which children give ICT training to seniors • Bednet and Take Off: contact with school is maintained for chronically sick children • Close the Gap: computer equipment is provided to schools and disadvantaged households 	See Annual Report, “Education”, “Communities” and “Climate and Environment” sections
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Proximus makes it a priority to reduce its adverse impact in its supply chain by teaming up with its suppliers to optimize the use of limited resources, by providing end users with relevant information to minimize the potential health effects of exposure to electromagnetic waves when using its products, and, with regard to the end of life of its products, by implementing highly efficient recycling processes. We also help our customers to reduce their own impact on the environment.</p>	“Climate and Environment” and “Supply Chain” sections
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> • Reduction of our CO₂ emissions in Belgium by 70% between 2007 and 2015 • Reduction target for CO₂ emissions of the Group of 30% between 2015 and 2025. Result at end-2017: -8% • Carbon neutral company since 2016 • Raising awareness among schoolchildren with GoodPlanet Belgium: recycling of mobile phones. 	“Climate and Environment” section

Stakeholders dialog

We maintain a structural dialog with our stakeholders. Stakeholders can be described as groups/individuals who have concerns about Proximus, are impacted by Proximus' activities, or have an impact on Proximus.

Our employees

According to our employee satisfaction survey, 70% of employees think it's important for Proximus to set itself ambitious CSR objectives. Our intranet site and social media inform our employees about our CSR projects and achievements,

and give them the possibility to be actively involved in projects and to join the debate by posting comments, suggestions and questions.

Investors

Through our Investor Relations department, we take part in surveys that evaluate our CSR performance which are conducted by rating agencies assessing socially responsible

investment (SRI). Members of the CSR team are invited to meetings with many of these agencies.

Our CSR partners

At least twice a year, we meet with our CSR partners to review the progress of our common projects and better understand the problems at stake, in order to maximize our impact.

Our suppliers

A key objective of our purchasing department is to encourage our partners and suppliers to meet or exceed legal standards in all processes linked to their products and services, by incorporating social, environmental, ethical and sustainable principles. Likewise, we encourage our suppliers to promote the same CSR principles to their own partners and suppliers.

that enables them to measure their compliance and avoid duplication. On this platform, our main suppliers and our high-risk suppliers fill in a self-evaluation questionnaire to analyze and validate their CSR performance.

Since 2010, we have been using the external platform EcoVadis, which offers our suppliers a standardized tool

Along with 15 other international ICT operators, Proximus is a member of the Joint Audit Cooperation (JAC), which conducts on-site CSR audits through the intermediary of third parties. The results are communicated to the members of the association.

The authorities

In 2017, our Public Affairs department held information sessions presenting our training initiatives to local authorities.

The CSR initiatives also form part of various presentations held at federal and regional level.

Our peers

We share our CSR best practices with other companies that are members of The Shift, Be.Face, ETNO and GSMA networks.

Education

New technologies have become an important factor of social integration since they create jobs, giving young people more opportunities for finding a job, and facilitate the dissemination of information and interpersonal communication.

Mastering these technologies is a major social challenge. Proximus contributes by setting up specific projects aimed at job seekers and by organizing general info sessions for children, elderly people and the general public.

Professional integration

Proximus Foundation: Digitalent

The mission of the Proximus Foundation is to help young people with social, economic or personal difficulties to enter the job market with the help of new technologies.

In 2015, the foundation launched its own project, «Digitalent», which was set up in collaboration with the employment agencies VDAB, Actiris/Bruxelles Formation and Forem, as well as the cities in which the project was implemented.

Digitalent is held in a pleasant environment, equipped with computers and multimedia and technical equipment (e.g. microprocessors and 3D printers). It allows young people who are having difficulties finding their way in the job market to become familiar with modern technologies thanks to projects they develop themselves. It is aimed at young people between 18 and 25 years who have left school, are

not registered for a training course, and have no professional experience.

Digitalent offers for every session an 8 week training course to 12 young people based on three pillars:

- A technical part, allowing participants to develop their own project (three days a week)
- A course on entrepreneurial spirit and entrepreneurship (one day a week)
- Training on attitudes and competencies related to the job interview, provided by the VDAB, Bruxelles Formation or Forem (one day a week). A development plan is drawn up to steer the participants to training opportunities or existing jobs.

The project ends with a presentation of the participants' achievements and the awarding of certificates.



After running a pilot in Antwerp in April 2015, we decided to continue the project. In autumn 2015, we held another session in Antwerp, then in Liège and Schaerbeek. In 2016, we went to Charleroi, Forest, Ghent, Hasselt, Mechelen, Schaerbeek, Mons and Namur. And in 2017, we went to Forest and Liège in the spring, and to La Louvière, Ghent, Ostend and Schaerbeek in the autumn. In total, we trained

around 173 young people, including 58 in 2017. A third of them went on to follow training leading to a qualification, and a third found a job.

In 2018, two sessions will be held in each region of the country.

Transition internships

In 2014, Proximus began offering «transition internships». This is a federal project aimed at low-skilled job seekers which was launched by the VDAB, Forem and Actiris. The project has three objectives:

- Prevent school leavers from staying unemployed
- Support young people by offering them their first professional experience and preparing them for their entry into the job market

- Improve their chances on the job market by helping them find their first permanent job

Since 2014, Proximus has offered transition internships to 258 job seekers, including 77 in 2017.

Technobel

Technobel, a public-private partnership established in 2001 between the Forem employment office and Proximus, has been recognized as a competence center since 2003. Every year, it gives more than 130,000 hours of ICT training to job seekers, students, teachers and companies.

In 2017, Technobel trained 2,909 people, including 192 job seekers. The success rate is high: after having followed training leading to a qualification at Technobel, 70% of job seekers find a job.

In April 2017, the first LEGO® Education Innovation Studio of Wallonia was inaugurated at Technobel. A team trained by Technobel was thus able to participate in the LEGO® robotics world championship and reach the final.

Two new training courses were also launched: Game Developer and IoT Expert.

The Playzone 2018 project enabled all the students to work in groups on a common goal: to develop a connected greenhouse.

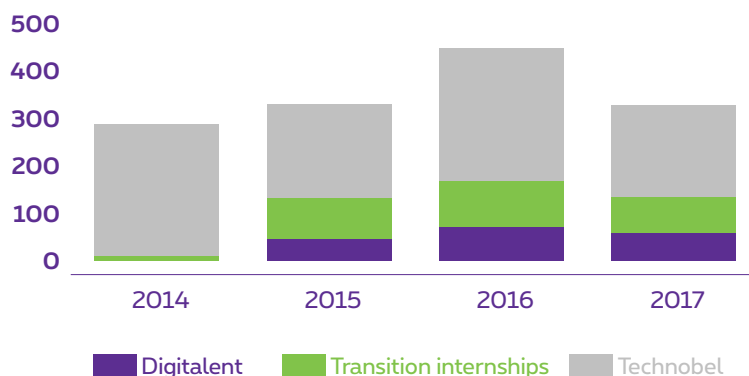
The Smart Farming project was also launched. It proposes a connected solution allowing the automatic watering of crops based on the continuous measurement of the humidity rate, light exposure, and soil conductivity.

These new projects are the result of Technobel's diversification and partnership dynamic.

Furthermore, Technobel completely overhauled its professional training offer, which will be implemented in 2018.

www.technobel.be

Number of job seekers supported by our initiatives



Two mentoring projects: Bright Future and Team4job

Bright Future, set up with our partner Be.Face, is a mentoring project for talented and motivated students with disadvantaged backgrounds. Volunteers from the participating companies work to facilitate the first contacts these students have with the corporate environment. They give them a leg up and help them to create a professional network and to get through the crucial first steps in a professional career. 7 Proximus employees provided support to students in 2017.

In 2017, Proximus also decided to take part in the «Team4job» mentoring project, an initiative of the employment offices of Uccle and Schaerbeek supported by Actiris. This is a solidarity-based support program that aims to put a job seeker, the mentee, into contact with an actively employed and volunteering person, the mentor. The goal is to use the mentor's experience and knowledge of the employment market for the benefit of the mentee. 22 Proximus employees were mentors in 2017.

Info sessions for children

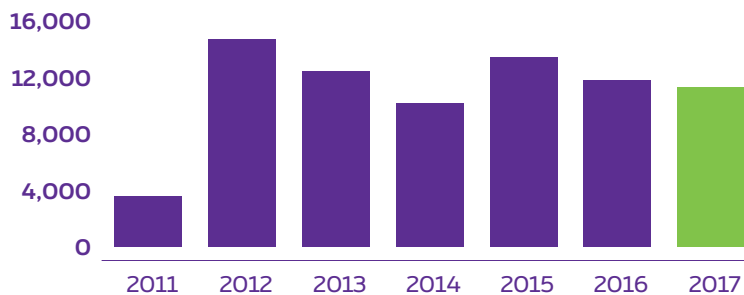
Children are big consumers of the Internet. The European Commission explains that one in three Internet users is a child and that children spend more and more time on social networks, online gaming and mobile applications. «Browsing the Internet offers thousands of interesting opportunities, but also exposes young people to dangers such as cyberbullying, hate speeches and manipulative advertising.»

Twice a year, Proximus offers training sessions in Belgian primary schools that request it, in collaboration with Child Focus. The aim of these days is to promote safe, more enriching and creative digital use among children.

On a voluntary basis, Proximus and Microsoft employees trained by Child Focus visit primary school pupils of grades 5 and 6 and, in an interactive way, invite them to reflect on their Internet use when it comes to, for example, the creation of an effective password, image rights, and the reliability of information.

Since 2011, we have reached around 12,000 children per year with this prevention campaign.

Trained children





Training for the general public

In 2017, we continued our two training initiatives aimed at the general public: Web Experts and Smart Café.

Web Experts

Launched in 2011, the educational project Web Experts encourages young people to share their knowledge of the Internet with seniors. The children are encouraged to submit their group projects designed to teach their elders about the advantages of the Internet, how to use the Internet safely, the social media platforms, navigation and communication apps, etc. A dedicated website allows the children and their

teachers to download training modules. Every month, there is a prize for the best project.

In 2017, 610 people were trained thanks to Web Experts.

www.webexperts.be

Smart Café

In this initiative, we offer free training, open to everyone, throughout the year, for the residential market as well as SMEs. In 2017, we trained 1,954 participants during 242 sessions given in our points-of-sale in 27 cities.

SMEs.

www.proximus.be/formation

This initiative will be continued in 2018 and will focus on

Communities

At Proximus, we put our technologies at the service of the communities which stand to benefit most from them, in particular sick children, the disabled and people living in precarious circumstances.

Connecting long-term sick children so they can remain in contact with their class at school

We offer free connectivity to our partner associations Bednet and Take Off, allowing them to provide videoconferencing services to chronically-sick children. This enables these children to not only keep up social contacts with their classmates, but also to continue with their schooling despite not being able to attend class. Thanks to these associations, more than 800 children were able to continue with their schooling in 2017. More than 90% of them successfully completed their school year.

For the past 13 years, Bednet has come to the aid of over 1,593 children in more than 1,110 schools in the Flemish region. This figure is set to increase in the future as the Flemish government has recognized the right to synchronous education over the Internet (SIO) which has been applicable since 1 September 2015.

<http://www.bednet.be/>

<http://www.takeoff-asbl.be/>

We offered additional financial support to Bednet and Take Off with our end-of-year initiative «Give a GIF». For each wish sent via the site www.giveagif.be, Proximus donated EUR 0.50 to help sick children.

https://www.proximus.be/fr/id_cr_takeoff_bednet/particuliers/decouvrir/infiniment-proche/take-off-et-proximus.html

https://www.proximus.be/nl/id_cr_takeoff_bednet/particulieren/discover/altijd-dichtbij/bednet-en-proximus.html





Devices accessible to people with a disability

According to recent figures, some 12-16% of the population live with a disability. Proximus understands the importance of providing these people with the same access to its ICT solutions. Over the past five years, we have been testing the accessibility of our devices (smartphones, tablets and telephones) with the Passe-Muraille association, which has set up an independent panel composed of people suffering from various types of disabilities. Passe-Muraille guarantees that the devices meet their specific needs on the basis of

an evaluation grid with different accessibility criteria. In all our sales channels, specific pictograms make it possible to identify accessible devices. Our online catalog also contains information about devices adapted to the needs of users with a disability.

www.proximus.be/handicap

<http://www.passe-muraille.be/>

Medical research

We provide technical and financial support to the organization of Télévie, an indispensable solidarity operation run since 1989 by RTL Belgium to raise funds for cancer research.

Our technical teams take care of all the telecom connections of the Pledge Center, Rallye Télévie and the closing evening on behalf of RTL and Bel RTL.

We also cover the technical costs linked to broadcasting Télévie's play (performed every year by RTL radio hosts) and offer this play in VOD mode for one year on Proximus TV in the RTL à L'Infini environment.

www.televie.be

The disadvantaged

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 (more than 8m³ collected). In addition, a «Solidarity Sandwiches» marathon was set up. In partnership with Be.Face and in collaboration with other partner companies (Engie and Infrabel), 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). Out of a total of 1,300 sandwiches for the whole operation, 520 were prepared in our catering areas and offered

to people in need.

www.beface.be

Aid to migrants

Proximus also supports the cause of refugees and migrants. In collaboration with various humanitarian organizations, we installed free Wi-Fi and Internet in buildings offering shelter to families who have left their own country:

- a building close to Maximilien Park (humanitarian hub of Médecins du Monde, the Belgian Red Cross, and Médecins Sans Frontières of Belgium)
- two Samusocial buildings in Ixelles and Neder-Over-Heembeek
- two buildings of the Plateforme Citoyenne de Soutien aux Réfugiés, in Jette and Schaerbeek. Recycled computers were also donated to this organization to equip the classrooms in which children and adults follow lessons.

Partnership with Paralympic Team Belgium

As a partner of the Paralympic Team Belgium, Proximus supports the integration of athletes with a disability in the field of sport.

In 2017, we saw many strong performances from the Paralympic Team Belgium. Belgian athletes obtained a total of 16 medals in the European and World Championships!

First and foremost, the medals of the Paralympic Games in Rio 2016 confirmed their high ranking in their respective

sports. In athletics, Peter Genyn won two gold medals in the 100m and 400m in the T51 class (tetraplegia, wheelchair sprint) at the World Championships. The youngsters Laurens Devos and Florian Van Acker won gold and bronze respectively at the European Championships for table tennis. Joachim Gérard, absent for a long time due to a shoulder injury, was back in top form at the Masters, where he finished third.



Climate and Environment

After 2015 and 2016, 2017 is one of the three warmest years on record worldwide. Due to excessive greenhouse gas emissions, our climate is changing, resulting in more extreme weather conditions.

Proximus aims to continue to play an active role in the fight against global warming. Towards this end, it has identified three areas of action.

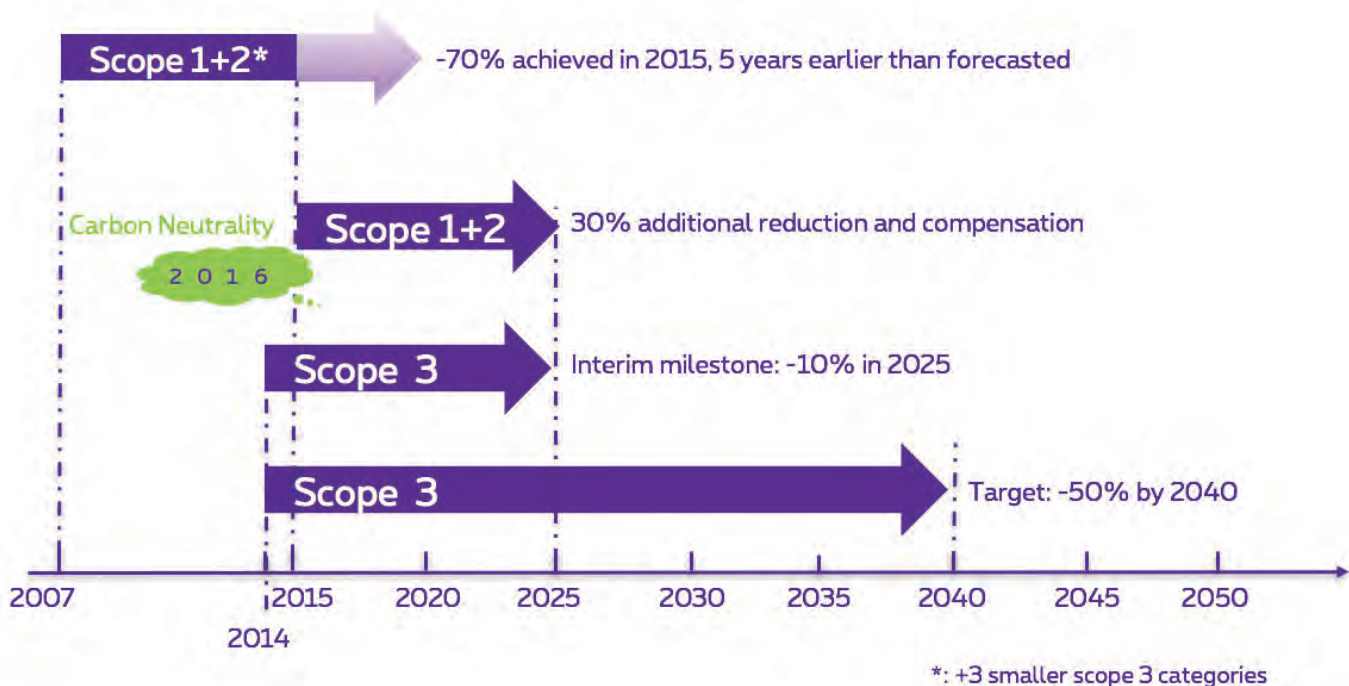
Area of action 1: Continue to reduce our impact on the environment and achieve climate neutrality for our own operations from 2016 onwards

Our targets in figures

The target to reduce CO₂ emissions by 70% for our operations in Belgium for scopes 1 and 2 and 3 categories of scope 3 over the period 2007-2020 was achieved 5 years ahead of schedule. That is why an additional target of 30% CO₂e reduction for scope 1 and 2 emissions over the period 2015-2025 was set for the Proximus Group. What we cannot reduce has been offset since 2016. In addition, the baseline scope was extended to include refrigerant gases and international operations.

By actively focusing on the energy efficiency of our own car fleet, buildings, networks and data centres, we significantly contribute to the decrease in scope 1 and 2 emissions.

All categories of scope 3 are closely monitored, guided by long-term objectives.



Climate summits COP21, COP22 and COP23: with the active participation of Proximus

All world leaders gathered in Paris for the 21st time, with the goal to further curb carbon emissions limits. At the COP22 in Marrakesh and COP23 in Bonn, the implementation of this agreement was further elaborated, the aim being to finalise it by the COP24 to be held in Poland in 2018.

To strengthen our contribution to these climate summits, Proximus, along with hundreds of other companies, joined

the 'We mean business' coalition. In doing so, we emphasised the demand to arrive at an ambitious worldwide climate agreement in Paris and, as a company, signed the pledge to adhere to the 2°C warming limit, use only electricity from renewable sources and report transparently on our climate performance.

www.wemeanbusinesscoalition.org

100% electricity from renewable sources

For our activities in Belgium, since 2009, all our electricity comes from renewable energy sources. For example, electricity from local wind energy is used at the Proximus head office. The 100% applies also to our 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.

At group level, this means that we used more than 98%

electricity from renewable energy sources in 2017.

To help us achieve this target, we joined the international RE100 initiative. Growing demand for renewable energy encourages investment in new renewable energy facilities, thereby accelerating the transition to a low-carbon economy.

<http://there100.org/>

Other international recognitions:

For years, Proximus has taken the lead in the fight against climate change and has received international recognition for its efforts on several occasions.

Proximus received the CDP Climate Leadership Award in recognition of its emissions reduction initiatives to mitigate climate change, in Brussels on 25 October; the only Belgian company to achieve this - and for the fifth year in a row in 2017!

CDP is a non-profit organisation which every year, on the instructions of the largest institutional investors, compares

the performance of over 2000 listed companies in the fight against global warming.

www.cdp.net



«FTSE Russell confirms that Proximus has been independently assessed according to the FTSE4Good criteria, and that it meets the requirements for inclusion in the FTSE4Good Index Series. Created by the index provider FTSE Russell, the FTSE4Good Index Series is designed to enable investments in companies that comply with worldwide recognised Corporate Social Responsibility standards. Companies in the FTSE4Good Index meet rigorous environmental, social and governance criteria, and are well positioned to build on the advantages of corporate social responsibility.»



Paul Simpson CDP's CEO

Congratulations to all the companies that made it onto the Climate A-list this year. It's inspiring to see so many taking bold action to mitigate the risks of climate change and grasp the opportunities that come with the transition to a sustainable economy. As we approach a tipping point, business is absolutely central to making that transition happen.



Dirk Lybaert, Chief Corporate Affairs Officer

The “Science Based Targets Initiative” (SBT) creates a framework in which the efforts of companies can be correctly quantified and aligned with what is needed, according to the scientific community, to keep global warming under 2°C. In 2016, Proximus was one of the first companies to comply with the Science Based Targets, and this ties in perfectly with our goal to become climate neutral from 2016 for our own emissions.

<http://sciencebasedtargets.org/>





Climate neutral for our own operations since 2016

This means that we, above all, continue to work towards increased energy efficiency and a decline in our carbon emissions, in order to achieve an additional reduction of 30% for scopes 1 and 2 at Group level during the 2015-2025 period. Therefore, we will first of all continue reducing these 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.

Last year, Dominique Leroy, our CEO, received our first CO₂ neutral certificate from the hands of Jill Peeters (VTM weather presenter) and Antoine Geerinckx (CO₂logic).

TEG STOVE project in Benin

Proximus is the main driving force behind the development of this multiannual 'Gold Standard' certified climate project. 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 oven on which a thermoelectric generator is installed as an extra (TEG). 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 ovens.



In 2017, 1700 households were provided with improved ovens and another 2000 are planned for 2018. The use of these ovens is registered and serves as proof for the issuance of carbon credits.

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.

The budget made available for carbon credits by Proximus allows 100 times more CO₂ to be reduced in developing

[More info: http://www.tegstove.org/](http://www.tegstove.org/)



In the villages where the ovens are built, small solar panel systems are also being installed. Thanks to this smart kiosk project, households can set up a connection with the solar panel installation to order and pay for the electricity for their home appliances via SMS.

The project was also selected because it contributes to several Sustainable Development Goals.



Improved stoves in Uganda

Another project we support is the stove project in Uganda, in which efficient ovens drastically reduce the use of firewood.

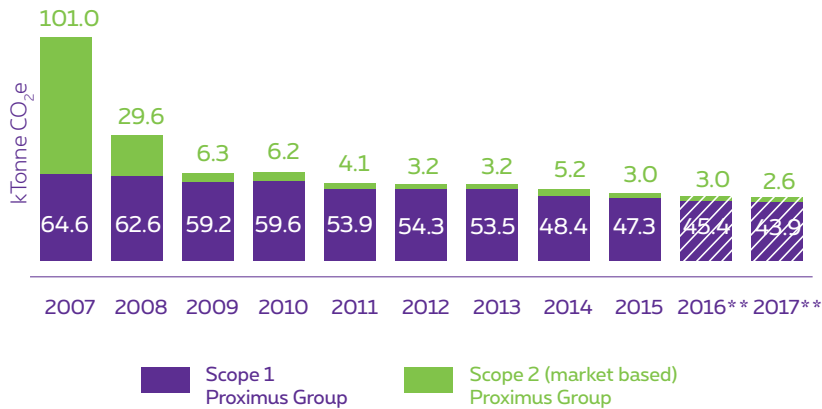
The benefits are mainly forest conservation and improved air quality, health, employment and quality of life.

Carbon emissions of the Proximus Group

In 2017, the Proximus Group managed to reduce its own carbon emissions (scopes 1 and 2) by 4% compared to 2016. Over the past ten years, carbon emissions decreased by 72%.

Remaining carbon emissions have been offset annually since 2016.

Carbon emissions down for 10th year in a row*

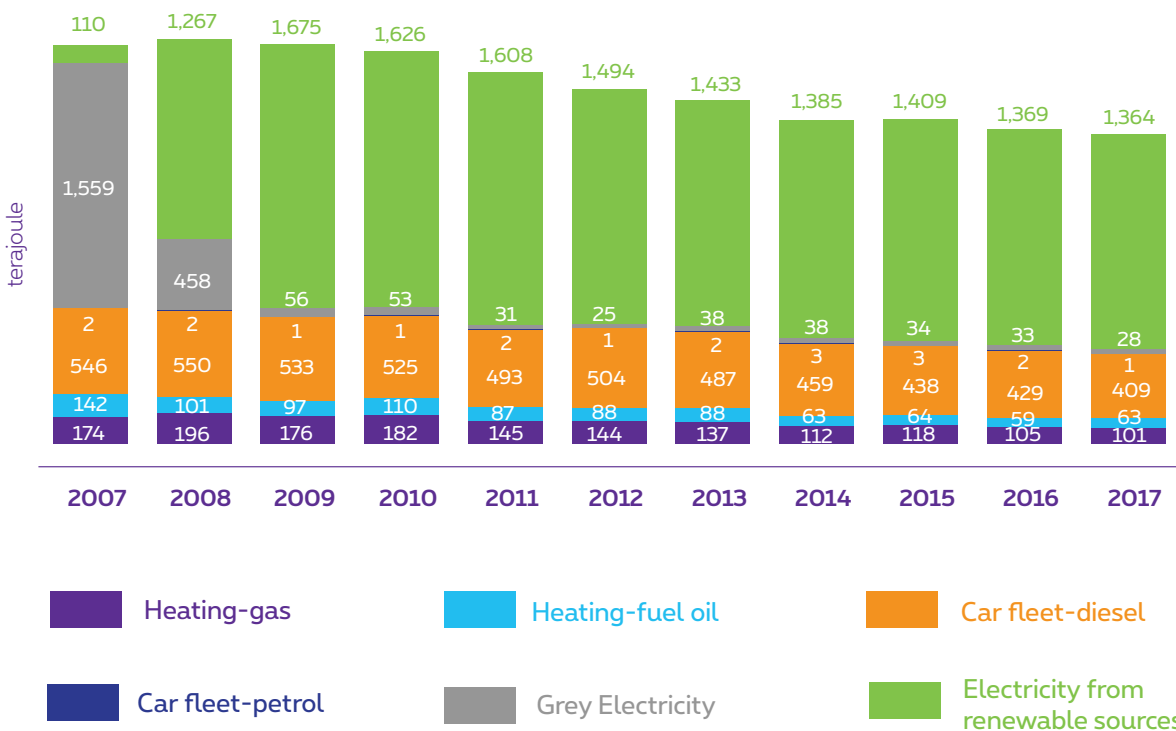


*International activities extrapolated to 2007-2009. Excluding Telindus Spain, UK and France.
 **Fully offset carbon emissions

Energy consumption also continues to fall each year, by 24% over the past nine years and by 2% compared to 2016. For the car fleet and heating, fossil fuels from non-renewable energy sources are used, with extra addition

of biofuel for cars. 98% of the electricity for the network, data centres and office buildings comes from renewable energy sources. No direct steam, heating or cooling energy was purchased or consumed.

Group's energy consumption down for the 9th year in a row

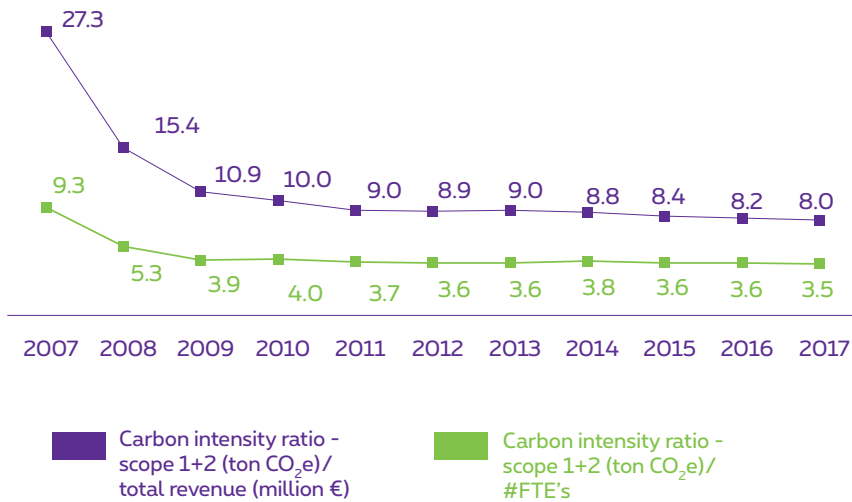


Improvement of the energy intensity ratio

Over the past seven years, the energy intensity ratio vs total revenue has improved by 12% and the energy intensity

ratios vs number of FTEs by 6%. Over the same period, the number of FTEs decreased by 18% and energy consumption by 22%.

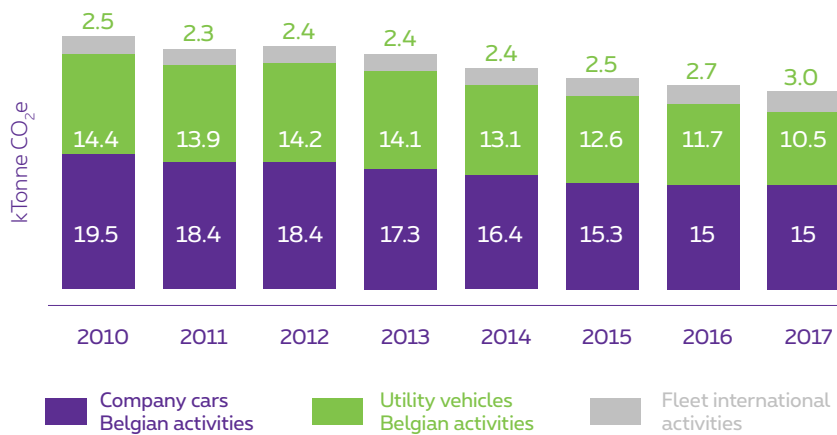
Carbon intensity ratio



The carbon intensity ratio continues to exhibit a clearly downward trend.

Transport

Transport carbon emissions down 5% on 2016



Thanks to our policy of making the vehicle fleet more ecological, including the commissioning of 131 smaller and more energy-efficient vans and the order for over 1400 company cars with average emissions of 107.6 g CO₂/km, as a result of which over 78% of our company cars emit less than 116 g CO₂/km.

The maximum CO₂ emissions for new cars amount to 130 g CO₂/km, except for large families and people with disabilities, and to 155 g CO₂/km for a limited number of management cars.

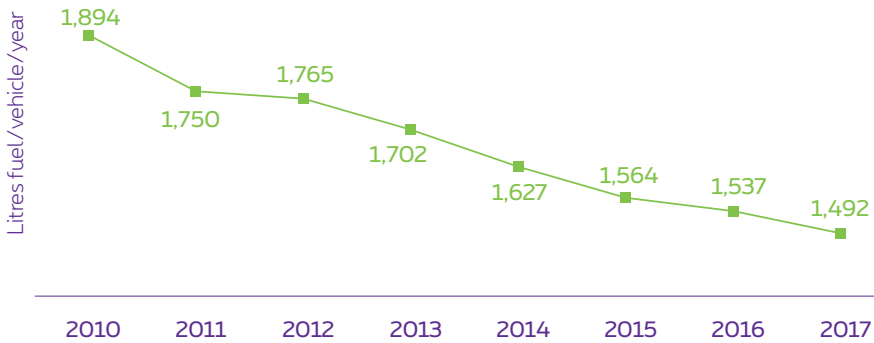
Thanks to our policy of driving down the number of kilometres, such as the mobility budget for commuters, a 62% increase in the number of work-from-home days, 80 additional leased bikes, bringing their total to 231, the optimisation of the routes for technicians, the avoidance of 64,000

trips for replacing customer terminal equipment and the launch of “one single visit” by remotely analysing the need and nature of repairs on part of the network, whereby 1800 interventions could be avoided already in the initial phase, the clearly downward CO₂ trend was continued. Moreover, last year saw the extensive use of Villo! bikes for travel between workplaces in Brussels and the bluebike service was made available to employees in the new Hasselt building.

All these initiatives combined resulted in a drop of car fleet-related energy consumption of 5% or 20 TJ (terajoule).

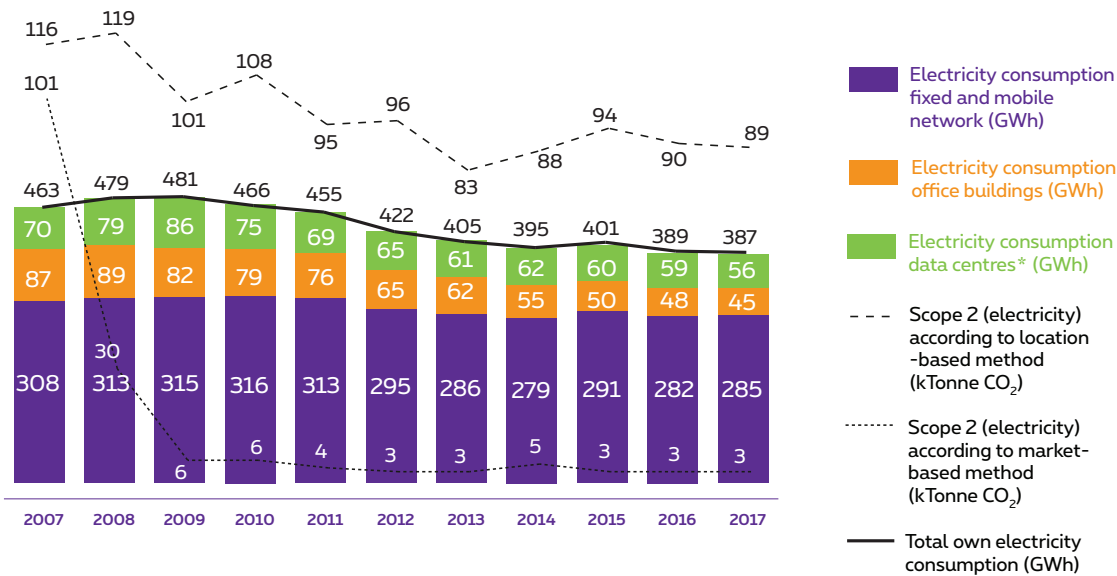
For the Proximus Group, these sustained efforts have led to a substantial 21% decrease in per-vehicle fuel consumption over the past seven years.

Declining per-vehicle fuel consumption



Electricity

Electricity consumption and related carbon emissions continued to fall. Carbon emissions from electricity are calculated in two ways.



*The electricity consumption of customer equipment of our housing service is not included

The market-based method reflects the choices the company makes in the area of electricity supply, such as the purchase of electricity from renewable energy sources. This is set out in detail in contracts between the company and its energy suppliers. Within the Proximus Group, reporting and targets for carbon emissions and climate neutrality are

based on the market-based method.

Proximus in fact purchases electricity with guarantees of origin:

Subsidiary	Country of consumption	Share of total electricity consumption (387 GWh)	Source of electricity	Share of renewable energy
Proximus activities in Belgium	Belgium	94%	Hydro, Belgian wind	100%
Tango	Luxembourg	2.1%	Hydro	100%
Telindus	Luxembourg	0.5%	Wind, Hydro	100%
Telindus	Netherlands	0.3%	Wind, Sun	100%
BICS (excl. Belgium)	Worldwide	3.1%	Wind, Sun, Hydro, etc.	36%
Proximus Group	Worldwide	100%	Wind, Sun, Hydro, etc.	98%

The location-based method reflects the energy mix available at the location where consumption takes place. In this case, the type of electricity purchased has no influence.

Electricity consumption savings

Mantra project - Proximus migrates to the network of the future

Proximus is working hard on the migration to a high-tech broadband network that can meet the needs of customers better and faster. The new technologies applied are not only much more compact and cheaper, they also consume much less energy.

The first phase is the removal or consolidation of the older data networks and traditional telephone exchanges. This operation also involved the phasing out of 13 large technical buildings. Another 11 will be phased out over the next three years, thereby reducing the total technical space by 25%.

“Power fit battle”

In 2016, Proximus launched a new structural programme to further reduce electricity consumption.

In 2017, the following results were recorded in the network:

- Phasing out of the last of the 1119 old telephone exchanges as part of the migration to a fully IP-based platform.
- Cost saving of 18% in the radio hardware of the mobile 4G network through the installation of energy-efficient functionalities.
- Further roll-out of free air cooling and replacement of old rectifiers with high-efficiency rectifiers in the mobile access network.
- Consolidation and dismantling of old or unnecessary network cards

These energy-saving measures will produce savings of 137 TJ, representing a decrease of 10% with respect to 2016.

By contrast, electricity consumption has increased due to business growth, notably the sharp increase in data traffic and the temporarily increased consumption due to double use of the old and new networks, resulting in an overall increase of 1%.

Data centres

Most of the changes were carried out in recent years, boosting the power usage effectiveness (PUE), or efficiency grade, from 1.68 to 1.66 over the past year.

As part of the multi annual programme on energy efficiency with a focus on cooling and emergency systems, we managed to cut down our own electricity consumption by 5% during the past year. This does not include consumption by customer equipment.

Alongside these improvements in the existing data centres, 2013 saw also the construction of a High Density Data Centre based on free air cooling with a PUE of 1.3.

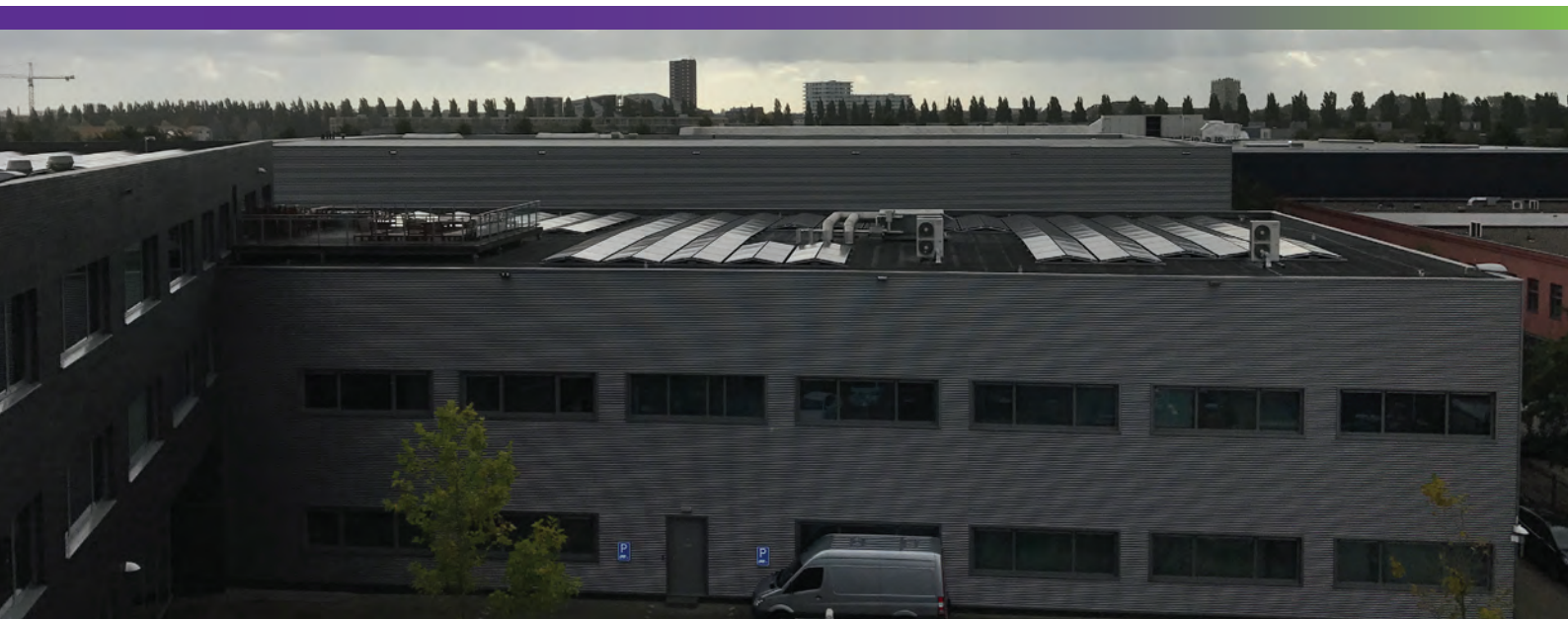
Also the consolidation and virtualisation of IT systems and cloud solutions significantly contributed to the reduction in energy usage.

Since the energy efficiency programme was launched eight years ago, we have observed a 35% decrease in electricity consumption and an evolution in PUE for all data centres combined from 2.02 to 1.63.

Proximus works closely with its suppliers to constantly identify opportunities for improving the energy efficiency of its network, data centres and office buildings.

Office buildings

Electricity consumption in office buildings further decreased by 7% compared with last year. Here we are reaping the benefits of the multiannual plan to migrate obsolete and excessively large administrative sites to ecological, scalable buildings in the vicinity of public transport.



In 2017, the migration to LED lighting was also continued by replacing the old 37W TL lighting with 12W LED lighting on 5 floors of the main building. These LEDs also feature a sensor that decreases the lamp's power output when the daylight becomes more intense.

The thousands of fixed IP telephones were removed from the desks and replaced with «Skype for Business» on PC.

The concept of flexdesks allows for office-space savings. Sensors monitor where and how many desks are still free and all employees can book a desk via an app.

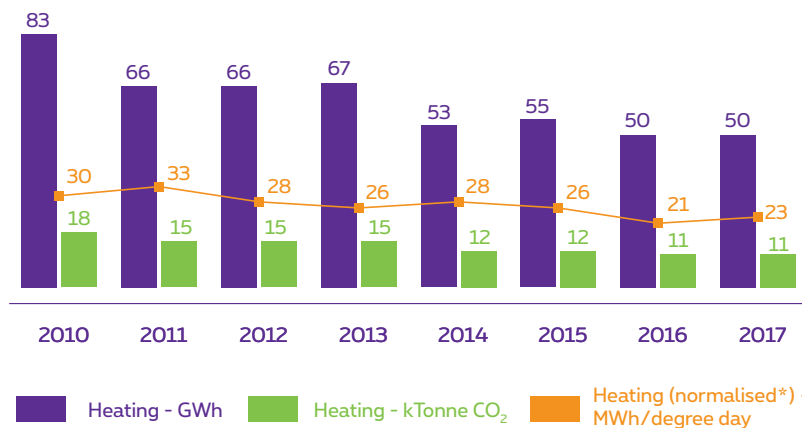
Telindus in the Netherlands installed 600 solar panels on the roof of the office building and started replacing the lighting with LED lamps.

Heating

Carbon emissions due to heating of the office buildings and technical buildings increased by 1%. The increase is mainly attributable to a concentration of purchase orders for heating oil in 2017.

A further decrease is expected in the coming years following the consolidation of existing buildings and the commissioning of climate-neutral new buildings.

The relative heating demand (normalised) per degree day shows a downward trend as a result of the optimisation of control systems, reuse of data centre heat for office buildings, further phasing out of technical buildings, replacement of heating oil boilers with gas-fired boilers or replacement of existing installations.



*Normalisation based on degree days Source degree days: www.aardgas.be

Emergency generators

In 2017, a programme was launched for the filtration and biocide treatment of the diesel oil used for the emergency power units. Seeing as emergency power units are started only in the event of breakdowns and during half-yearly tests, the diesel oil aged over the years and was exposed

to moisture and dirt. During filtration, the tanks are also cleaned, air dryers are placed and special air intake lines are installed. This ensures the operational reliability of the emergency power units, with local reuse of the diesel oil.

Refrigerant gases

In 2017, emissions related to refrigerant gases in the network, data centres and office buildings fell by 5% from 4816 to 4570 tonnes HFC following the further introduction of free air cooling, consolidation of office buildings, and phasing out of technical buildings.

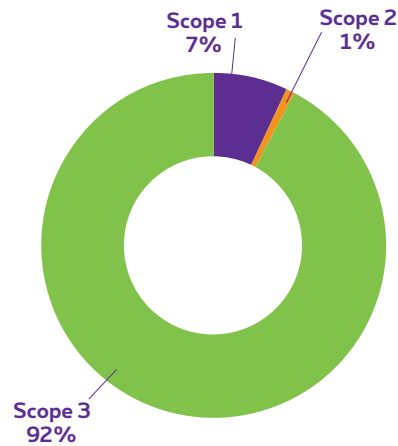
The measurement method is based on a liberal estimate of a percentage of leaks per installation, but the aim is to reassess the methodology in the future.

Carbon emissions scope 3

The calculation and reporting of all scope 3 emissions gives a good picture of the indirect impact of the value chain and delivered products and services. The scope 3 calculation is

important because indirect emissions can make up a large portion of a company's total carbon footprint.

Proximus total carbon footprint



Each of the 15 scope 3 categories was studied and calculated, mainly for the activities in Belgium. Some categories do not apply to Proximus.

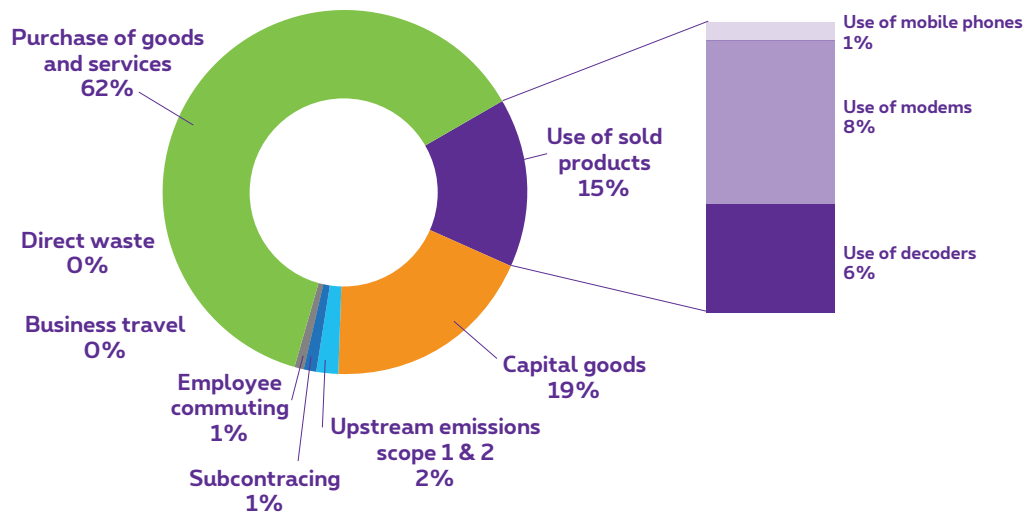
Scope 3 category according to GHG terminology	Explanation	Scope 2017 (Tonnes CO ₂ /year)	Evolution vs 2016	Explanation of the evolution vs 2016
1. Purchase of goods and services	Emissions related to the extraction, transportation and production of purchased goods and services.	330,879	+5%	Structural migration of the company to the network of the future (IP-based, optical fibre)
2. Capital goods (incl. cat. 15 investments)	Emissions related to acquired investments.	103,100	+6%	Structural migration of the company to the network of the future (IP-based, optical fibre)
3. Fuel- and energy-related activities	Emissions related to the extraction, production and transportation of direct fuels and electricity purchased by the Proximus Group, reported in scopes 1 and 2 Network losses, for example, are taken into account.	10,800	+2%	In line with the evolution of consumption in scopes 1 and 2. Addition of the footprint of working from home in 2014-2017, with a sharp rise in 2017 (+62%).
4. Transportation and distribution (upstream)	Transportation of subcontractors for network activities.	4,193	-37%	Greening of the car fleet.
5. Waste generated (incl. cat.12 processing of products)	Treatment of waste flows.	886	-8%	Decrease in total weight of waste by 19%
6. Business travel	Emissions from aircraft and trains for business travel.	1,425	-14%	Use of direct data of the travel agency/ companies.
7. Commuting	Emissions related to the home-work commute of employees (train, bus, tram, metro, private car). Company cars are accounted for in scope 1.	3,864	-12%	Decrease in workforce, increase in number of work-from-home days by 62% and growing share of public transport. 151 leased bikes in use.
11. Use of sold products	Energy consumption of customers' Proximus devices (modems, TV decoders and mobile phones).	79,989	-5%	Replacement of old products with more energy-efficient devices. Note: update IEA emission factors 2015-2017 increased by 6.5% compared to 2014
TOTAL SCOPE 3		535,136	+3%	

Scope 3 emissions were up 3% compared to 2014. This is mainly due to the temporary investment costs and purchased goods and services needed for the migration to the network of the future.

Three categories represent more than 90% of the scope 3 footprint:

- Consumption of customers' Proximus devices
- Purchased goods and services
- Capital goods acquired in 2017

Scope 3 detailed overview



Waste

The Proximus activities in Belgium generated 11,820 tonnes of waste, including 15% residual waste which was converted into electricity and heat energy in waste treatment facilities.

The remaining 85% was recycled, reused or reprocessed and consisted for 45% of stones and sand from our network activities, for 29% of glass, plastic, metal, paper, wood, batteries, toners and various items, and for 11% of

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, no less than 1600 tonnes of copper cable and 3100 tonnes of electronic equipment were recovered from old exchanges and/or the earth.

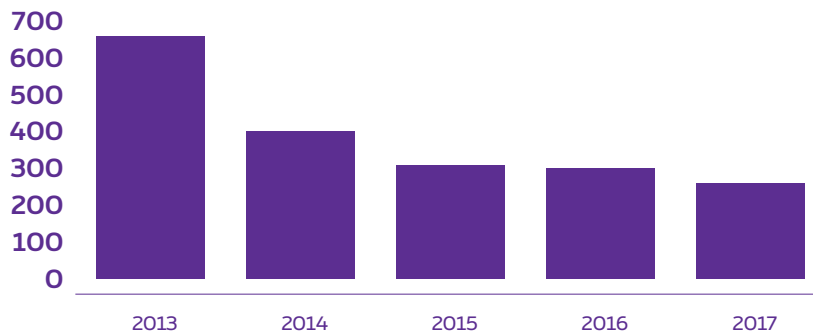
Paper consumption

By deliberately focusing on the responsible use of paper, paper consumption fell by 13% compared to 2016 and by 60% compared to 2013.

This concerns all types of paper, such as bills, advertising brochures, office prints and communication magazines.

The major savings recorded last year were for billing (22%), advertising brochures (8%), and office prints (10%).

Paper consumption - Amount A4 pages (millions)



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.

Parties:

- 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 and 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
- Awareness campaign on collection of old batteries in collaboration with BEBAT
- 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
- CSR annual report
- 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, ecodesign 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

Area of action 2: Helping our customers reduce their impact on the environment

Sustainability of our devices

Proximus has committed to compliance with the European Code of Conduct for energy efficiency of broadband and digital TV equipment and with the voluntary European sectoral agreement on reducing the energy consumption of TV decoders.

Our decoders amply meet all the criteria and our latest models no longer have a hard drive, they are lighter and more economical, and therefore more durable.

We maintain a sound balance between guaranteeing a long lifetime of the existing devices and rolling out the new most

energy-efficient devices with our customers. We are well under way to halving the average electricity consumption of all TV decoders installed with our customers over a period of five years.

In 2017, this helped to reduce average consumption by 6% compared to the previous year, with a decline of 33% over the past three years.

Our devices have been the most energy-efficient ones on the Belgian market for some time.

The further roll-out last year of the new, more efficient b-box3 model with our customers has contributed to a 10% reduction in average consumption of the installed modem base in comparison with the previous year.

In addition, all our decoders and modems can be repaired and recycled.

The Proximus distribution centre in Courcelles recently celebrated that as many as one million TV decoders and modems were repaired or refurbished over the past three years.

Electronic billing

Proximus is committed to responsible paper use and has, for more than ten years, been offering its customers the option of electronic billing. Bill management is very simple and reliable via the MyProximus website.

Proximus also encourages its customers to print their electronic bills only when really necessary.

Area of action 3: Engaging and empowering our stakeholders, and raising standards in connection with climate change and the environment.

Circular economy

Proximus signed the Green Deal Circular Procurement with Vlaanderen Circulair. The aim of this initiative is to implement 100 circular procurement projects and to develop, share and disseminate knowledge on circular procurement among all participants. Proximus will itself propose two such projects.

This has led to a collaboration between Proximus, GoodPlanet Belgium and Recupel to set up a large-scale collection campaign in Belgian schools, together with an awareness-raising campaign about the life cycle and the importance of recycling mobile telephones.

As a reward for their participation, schools receive recycled laptops, tablets and desktops that are as good as new.

GoodPlanet Belgium and Proximus continue the successful mobile phone collection campaign

www.goodplanet.be/gsm

Mobiles and smartphones have a considerable ecological footprint and are used by young and old alike.

Status report: 135,000 mobile phones collected!

	2017	Campaign total 2013-2017
Collected devices	14,000	135,000
Participating schools	135	1065
Reached pupils	35,000	274,000
Donated laptops, desktops, tablets by Proximus	250	2370

Innovative, sustainable products and services for businesses

Moreover, through its products and services, Proximus will continue helping other sectors reduce their footprint.

Proximus provides dozens of solutions that can contribute to reducing greenhouse gas emissions, such as video conferencing, cloud computing, products and services that enable working from home, for which customer demand is clearly growing.

Some new products:

- Call connect, with an optional mobile licence that allows users to answer calls to a fixed professional number via their smartphone, resulting in improved employee mo-

bility and fewer trips. It is also a fine example of dematerialisation because it dispenses with the need for PABX hardware and therefore also its transportation as well as trips by technicians. Furthermore, it reduces energy consumption by customers.

- MySense, a long-life IoT sensor for all kinds of applications in the 'Internet of Things' world.

The Proximus website contains an overview for our customers, including a simulator indicating the amount of time, money and CO₂ emissions that can be saved with online meetings.

Involving employees

The environment and climate receive special attention in the code of conduct for employees.

Our environment faces threats to climate, resources and quality of life. As a corporate citizen, Proximus is committed to conducting its operations with due regard for our environmental impact. We are committed to fighting climate change by: reducing our carbon emissions; promoting an ever-wider range of environmentally-sustainable solutions for our customers; continuously recycling; and consistently encouraging our employees, suppliers and stakeholders to

adhere to sustainable business practices. We adhere and will continue to adhere to relevant locally and internationally recognised standards, as well as supporting development and diffusion of environmentally friendly technologies.

Employees are expected to contribute to minimising the use of finite resources, including energy, water and raw materials, as well as to minimizing harmful emissions to the environment, such as waste, CO₂ and other emissions affecting air and water.

Electromagnetic fields & health

We recognize our responsibility regarding exposure to electromagnetic waves. We are aware that there are people who may be concerned about this. Consequently, we undertake to:

- comply with the legislation in force, both for networks and for devices

- monitor developments in scientific research
- inform about the subject without taking any position from a scientific point of view

Applicable standards

Where networks are concerned, since 2001, Belgium has applied exposure standards that are stricter than the international recommendations.

Currently, the applicable regional standards are as follows:

- In the Brussels Region: a cumulative standard of 6 V/m, for a reference frequency of 900 MHz. This standard is 50 times stricter than the international recommendations of the International Commission on Non Ionizing Radiation Protection (ICNIRP).
- In the Flemish Region: a cumulative standard of 20.6 V/m for a reference frequency of 900 MHz. This standard is 4 times stricter than the international recommendations. An additional standard of 3 V/m per antenna,

for a reference frequency of 900 MHz in residential areas is applicable for mobile telephony networks.

- In the Walloon Region: a standard of 3 V/m per antenna in residential areas.

All our relay antennas have an environmental permit that certifies their compliance with these regulations. Nevertheless, exemptions apply for antennas with very low power. The authorities take regular control measures as regards the level of exposure to electromagnetic waves.

The public can also demand control measures by contacting the regional services responsible for the environment.

For wireless devices (phones, smartphones, tablets, etc.), a European standard imposes a specific absorption rate (SAR) below 2 W/kg. Since 2014, the federal authorities

have required that the SAR of each device be displayed in all sales channels. Proximus anticipated this requirement as early as 2008.

Scientific research

We follow the publications of the World Health Organization (WHO). So far, the WHO states the following:

«All scientific reviews conducted up to now have shown that exposure to levels under the limits recommended by the International Commission for Non Ionizing Radiation Protection (ICNIRP) set in 1998 and covering the entire

range of frequencies between 0 and 300 GHz, does not cause any harmful effects on health. However, there are still knowledge gaps which must be filled before a better health risk assessment can be made.»

A new WHO evaluation was expected in 2017 but has not yet been published.

Communication

In 2016, all our employees followed an e-learning course we developed, called «Wireless Solutions: A Few Smart Tips,» the key message being: «smart use = smart distance». This message has a dual meaning and aims to help users to reduce their exposure to radio waves:

- Keep some distance between your mobile phone and your body by using an earpiece or the loudspeaker. In fact, all mobile phones we sell come supplied with an earpiece.

- Use your mobile phone in conditions where the signal strength is good. The closer you are to a relay antenna or an access point, the less your mobile needs to emit signals to stay connected to the network.

This communication also provides the basis for the information available on our Internet site.

Developing a responsible supply chain

Every year, Proximus works with some 4000 suppliers of products and services, mainly ICT and technology, and together we endeavour to improve the CSR standards throughout the entire supply chain. This can be accomplished by raising their CSR performance and improving their own supply chain management while increasing our own efficiency.

Suppliers are essential in our operations to provide products

and services. However, having close ties with suppliers also means that their reputation can have an impact on ours. We undertake to treat our suppliers fairly and equally and to promote a relationship of trust with both existing and potential suppliers. Moreover, we expect our suppliers to subscribe to our social, ethical and environmental principles. We do not work with parties who do not adhere to the same standards as we do.

Role and mission of Procurement

The role of Proximus Group Procurement is to provide the business units with a competitive edge through service and functional quality. This is achieved by optimising value creation and managing risks at the highest «Total Value of Ownership» within the required market introduction time and in full compliance with the Proximus policies and standards.

The Mission of Procurement, its reason of existence, is to be Best in class Strategic- and Value Sourcing. This is of strategic importance for the success of the Proximus Group and must ensure:

- Optimizing and rationalizing the 3rd party spend;
- Adding value to business- and transversal programs;
- Ensuring compliance supplier relations.

Where our suppliers are concerned, we incorporate the CSR standards on labour, ethics, safety and environment into our purchasing processes. In doing so, we not only improve our brand image, but above all bring about positive change in the communities in which our suppliers operate. These CSR standards serve as supplier selection criteria and are included in all contracts through the CSR clause, which covers topics such as child labour, forced labour, health and safety legislation, and environmental protection.

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 2016, Proximus also signed the green deal for circular purchases.

Based on purchase amount and strategic relevance, suppliers are selected to take part in a CSR evaluation and/or audit. Such an audit may involve an on-site audit at the premises of the supplier or its subcontractors, usually in China or India.

Suppliers with a specific risk profile or with a high contract value are evaluated for their CSR performance via the Ecovadis platform. <http://www.ecovadis.com/>

Ecovadis is a collaborative platform that assesses the social and environmental performance of companies worldwide. The main environmental parameters evaluated during the production process or in the supply chain are: energy use, carbon emissions, local contamination, end-of-lifetime products, and health and safety and customers.

In 2017, CSR supplier scorecards were drawn up for 40% of the total purchase amount. Of these 121 suppliers, 82% received a positive score for environmental risks and 85% for working conditions and human rights.

Proximus, as a supplier, has itself received a high rating for several years; since 2016 it has been granted the Gold label with a score of 71%.

Proximus, together with 15 other telecom operators, is member of the Joint Audit Cooperation (JAC). <http://jac-initiative.com/>

In 2017, 89 on-site company audits worldwide were conducted 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 carried out nine audits; one of the suppliers was granted the «JAC Award» for its perfect audit score following the implementation of their improvement plan. The supplier in question is Wealth Center Fiber Optic Communication LTD, a supplier of Commscope.

Based on the 121 CSR supplier scorecards and the 89 audits in 2017, 18 suppliers will be reassessed and one supplier reaudited in 2018.

The CSR selection and qualification process is described in detail on the Suppliers Portal.



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 with and between all stakeholders and value diversity, cultural and other differences. Proximus Code of Conduct, values and behaviour are inspired by fundamental principles such as those of the Universal Declaration of Human Rights, the Euro-

pean Convention on Human Rights and the United Nations Convention on the Rights of the Child.

Proximus expects each of its co-workers to respect the personal dignity, privacy and rights of each individual he or she works with, and not in any way cause or contribute to the violation or circumvention of human rights.

Anti-Corruption & Bribery

For Proximus, corruption is a threat to business and society in general. In addition to unfair competition it can also lead to undesirable consequences for the individual such as blackmail or imprisonment. Proximus' anti-corruption procedures are not only a legal obligation but also an ethical duty - it is in our own interest to take a firm stand against corruption. Proximus is therefore firmly opposed to all forms of corruption and applies a practice of zero tolerance towards any behaviour in breach of the highest standard of ethics.

Proximus expects that its employees never offer, give, ask for, or accept any form of bribe. A bribe is an attempt to influence a decision by offering some form of undue or improper advantage, favour or incentive. Nor should any co-worker use intermediaries to channel payments that facilitate corruption. Proximus asks its co-workers not to accept gifts or remuneration if there is a risk it could be construed as impropriety, and could be misunderstood as a bribe.

In as much as Proximus can ascertain, we only conduct business with partners involved in legitimate business activities with funds derived from legitimate sources. Moreover, we take all reasonable steps to detect, and if possible prevent, any illegal form of payment, as well as preventing our own financial transactions from being used to launder money.

The policies on Human rights and the fight against cor-

ruption and bribery are stated in Proximus Code of Conduct and apply to everyone: members of the Board of directors, managers and all co-workers. Performance is desirable, but integrity is an absolute. No compromise on integrity is acceptable in how we conduct business in Proximus.

The Code and its rules and guidelines are based on Proximus' values. Everyone working for Proximus is accountable for developing and maintaining a sound corporate culture that creates value for our customers, investors, staff and all other stakeholders.

While the Code of Conduct cannot be imposed directly on the company's business partners, Proximus is firmly engaged in working solely with partners who uphold appropriate ethical standards. We will not work with partners, suppliers or sub-contractors that do not adhere to guidelines that are similar to our own.

The Code is intended not only to set the standards, but also to assist us in adhering to them. Proximus encourages and expects full collaboration in implementing, overseeing, assessing and maintaining an ethical atmosphere that is consistent with the Code's requirements.

CSR KPI's

		Note	2015	2016	2017	GRI indicator
General Information	Total income (Mio EUR)		6,012	5,873	5,802	201-1
	Net income (Mio EUR)		482	523	522	201-1
	Total number of employees - Full Time Equivalent		14,090	13,633	12,892	102-8
	Total number of employees - average headcount		14,040	13,781	13,179	102-8
Education	% of Belgian population (16-74 years old) who has never used the Internet		12.6%	11.2%	9.8%	
	Number of job seekers supported by our initiatives in Belgium		329	447	327	✓
	Kids trained by our employees on 'safe use of Internet' in Belgium	4	13,449	11,816	11,330	✓
Communities	Community Investment amount: financial, in kind, time (Mio. EUR)		1.6	1.6	2.1	
	Community investment amount in % of net income		0.3%	0.3%	0.4%	
Green	Energy efficiency index (energy consumption vs total revenue)		0.343	0.340	0.399	✓ 302-3
	Energy efficiency index (energy consumption vs FTE)		0.147	0.146	0.147	302-3
	Electricity (Terajoules)		1,443	1,402	1,392	✓ 302-1
	% renewable energy with GO - Belgium/Group		100%/98%	100%/98%	100%/98%	
	Heating (Terajoules)		182	164	164	✓ 302-1
	Vehicle fleet fuel (Terajoules)		441	431	410	✓ 302-1
	Evolution CO ₂ e emissions scope 1 and 2 (vs previous year)		-6%	-4%	-4%	305-5
	Evolution CO ₂ e emissions scope 1 and 2 (vs -30% target 2015-2025)			-4%	-8%	305-5
	Evolution CO ₂ e emissions scope 1 and 2 (vs 2007 baseline)	7	-70%	-71%	-72%	305-5
	CO ₂ e emissions scope 1 and 2 (KTons)		50	48	46	✓
	CO ₂ e emissions scope 1 - heating, refrigerants and fleet fuel (KTons)		47	45	44	✓ 305-1
	CO ₂ e emissions scope 2 - electricity - market based method (KTons)		3	3	3	✓ 305-2
	CO ₂ e-emissions compensated by carbon credits (scope 1 en 2 en scope 3 business travel) (kton)		0	50	48	
	CO ₂ e emissions scope 3 (KTons) - 8 relevant categories	3	520	522	535	✓
	Evolution CO ₂ emissions scope 3 (vs Science Based Target baseline 2014)		1%	1%	3%	305-3
	Scope 3 - category 1 - purchased goods and services (kton) - Belgium	3	317	317	331	✓ 305-3
	Scope 3 - category 2 - capital goods (kton) - Belgium		90	97	103	✓ 305-3
	Scope 3 - category 3 - fuel and energy related activities (not in scope 1 en 2) (kton) - Group	2	11	11	11	✓ 305-3
	Scope 3 - category 4 - transportation and distribution (kton) - Belgium		7	7	4	✓ 305-3
	Scope 3 - category 5 - waste disposal (kton) - Belgium		1	1	1	✓ 305-3
	Scope 3 - category 6 - business travel (kton) - Belgium		2	2	1	✓ 305-3
	Scope 3 - category 7 - employee commuting (kton) - Belgium		5	4	4	✓ 305-3
	Scope 3 - category 11 - use of sold products (kton) - Belgium	3	88	84	80	✓ 305-3
	Waste (KTons) - Belgium		14.9	14.5	11.8	✓ 306-2
	% of hazardous waste - Belgium		2.8%	2.8%	4.3%	✓ 306-2
	% waste reused/recycled - Belgium		85%	88%	85%	✓ 306-2
	Non-hazardous waste - recycled or reused (KTons) - Belgium		12.3	12.3	9.6	✓ 306-2

	Non-hazardous waste - with energy recovery (KTons) - Belgium	2.2	1.8	1.7	✓	306-2
	Hazardous waste - recycled or recovered (KTons) - Belgium	0.4	0.4	0.5	✓	306-2
	Mobile phones collected for reuse and recycling - Belgium	1.3	100,097	27,141	18,493	306-2
	Water ('000L) - Belgium	3	144,828	123,530	124,611	303-1
	Electromagnetic fields - number of incidents of non-compliance with regulations				2	416-2
Developing a responsible supply chain	% of the total spend covered by supplier CSR scorecards - Proximus PLC	39%	43%	40%		
	Number of onsite audits in collaboration with JAC	61	69	89		
Promoting a positive working culture	Employee engagement with Proximus as employer	77%	76%	76%		
	% of employees having followed at least 1 training	93%	92%	92%		
	Average number of training hours per employee	22	21	19		404-1
	% of employees having signed the Code of Conduct		100%	100%		
	% of women in total workforce	30%	31%	31%		102-8
	% of women in top management	22%	22%	21%		102-8
	% of employees > 50 years old	39%	38%	30%		102-8
	Occupational accidents rate (index)	5	7.5	7.1	6.4	403-2
	Illness rate (including long-term illness)	6.8%	7.1%	7.0%		403-2
	Voluntary turnover rate (employee-based)	0.61%	1.62%	2.00%		401-1
	Involuntary turnover rate (employer-based)	1.36%	0.60%	0.73%		401-1
	Internal career moves	170	842	1,274		401-1
External recruitments	254	561	596		401-1	

✓ Deloitte provided a limited external assurance on these indicators for the year 2017

1. Figures of Proximus, Tango and the mobile phone recycling action in schools in cooperation with Goodplanet Belgium.
2. Restatement of 2015/2016 figures due to the addition of the carbon footprint of homeworking
3. Restatement of 2015/2016 figures due to better data quality and/or update of emission factors
4. Based on figures of schools subscriptions - effective attendance of kids has not been checked
5. All figures relate to Proximus (representing over 90% of our workforce).
6. Source: European Commission, Digital Scoreboard
7. International activities extrapolated from 2010 to 2007 - 2009 (first measurements in 2010)

Annex A - Green methodology

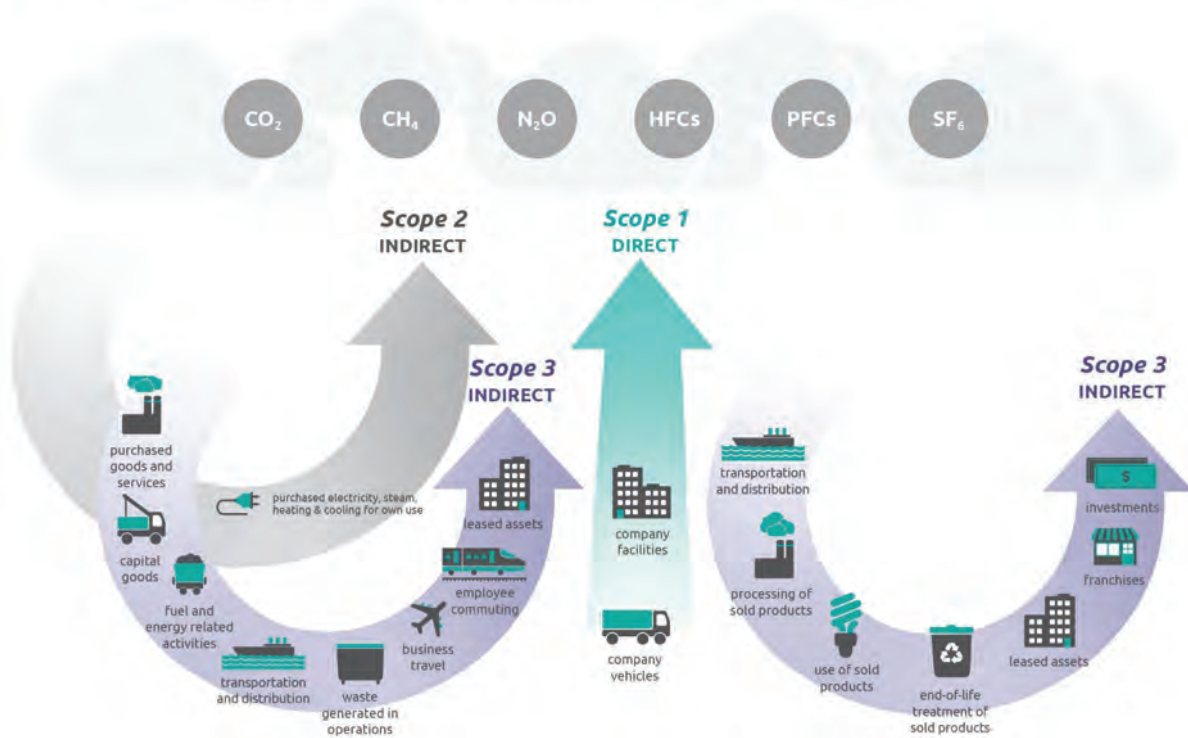
Carbon emissions scopes 1 and 2

Measurement of the Group's CO₂ emissions is based on the guidelines of the Greenhouse Gas Protocol, a partnership between the World Resources Institute and

leading organisation that develops international standards for the calculation of emissions.

the World Business Council for Sustainable Development, a

Figure [1.1] Overview of GHG Protocol scopes and emissions across the value chain



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. Our international subsidiaries are: BICS (worldwide), Telindus Luxembourg, Telindus Netherlands, and Tango (Luxembourg). The consumption of these subsidiaries was extrapolated to the period 2007-2009 in order to maintain a correct baseline.

Proximus sold its subsidiaries Telindus Spain in 2011 and Telindus France and Telindus UK in 2014, so that these figures

were removed from the Group's figures. The consumption of these subsidiaries is still included purely for the calculation of the intensity ratio vs turnover and FTEs in order to ensure consistency with the turnover and FTE figures. The acquisitions of Be-Mobile in 2016 and TeleSign, Davinsi Labs and Unbrace 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.

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 (<http://www.ghgprotocol.org/>) and according to Bilan Carbone.

Scope 3 refers to the upstream and downstream GHG emissions which are indirectly generated by Proximus. Upstream emissions are, for example, emissions released during the production of purchased goods and emissions released

during their transportation to Proximus. Downstream emissions are, for example, emissions related to the customer's use of Proximus devices (modems, decoders).

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.

CO ₂ scope (GHG protocol)	Activity	Possible impact from Proximus	Scope/ % vs Group Total	Climate neutrality/ renewable energy	Organisational scope	GWP	Source emission factors	External audit assurance level"
Scope 1 – Direct emissions	Car fleet fuel	High	Proximus Group /100%	100% carbon credits - Gold Standard	Operational control	AR5 IPCC	Base Carbone + Bilan Carbone adjusted with the gradual addition of biofuel BE)	Limited
Scope 1 – Direct emissions	Heating of building installations	High	Proximus Group /100%	100% carbon credits - Gold Standard	Operational control	AR5 IPCC	Gas: GHG protocol heating fuel: Base Carbone + Bilan Carbone	Limited
Scope 1 – Direct emissions	Cooling of building installations	High	Proximus Group /100%	100% carbon credits - Gold Standard	Operational control	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: 98% Offset by carbon credits - Gold Standard: 2%	Operational control	AR5 IPCC	IEA (CO ₂ Emissions from Fuel Combustion - HIGHLIGHTS)-2013	Limited
Scope 3 – Indirect - Cat.1	Resource extraction, transportation and production of purchased goods and services	Low	Proximus in Belgium 95%	None	Operational control	AR5 IPCC	>LCA based (customer products) > Bilan Carbone (food) > EEIO model (other purchase expenditure)	Limited
Scope 3 – Indirect - Cat.2	Acquired investments	Low	Proximus in Belgium 95%	None	Operational control	AR5 IPCC	EEIO model approach	Limited
Scope 3 – Indirect - Cat.3	Extraction, production and transportation of direct fuels and electricity purchased by the Proximus Group, reported in scopes 1 and 2 Network losses, among others, are included	High	Proximus Group /100%	None	Operational control	AR5 IPCC	Bilan carbone	Limited
Scope 3 – Indirect - Cat.4	Transportation of subcontractors for network activities	Low	Proximus in Belgium 95%	None	Operational control		Bilan carbone > EEIO model (other subcontractors fall within Cat.1)	Limited

Scope 3 – Indirect - Cat.5	Treatment of waste flows	Medium	Proximus in Belgium 95%	None	Operational control		Bilan carbone	Limited
Scope 3 – Indirect - Cat.6	Aircraft and trains for business travel	Low	Proximus in Belgium 95%	Fully offset by carbon credits - Gold Standard	Operational control		Official figures of travel agency and transport companies	Limited
Scope 3 – Indirect - Cat.7	Employee commuting Company cars are accounted for in scope 1	High	Proximus Group 98%	None	Operational control		Bilan carbone	Limited
Scope 3 – Indirect - Cat.11	Energy consumption of customers' Proximus devices (modems, set-top boxes and mobile phones)	High	Proximus in Belgium 95%	None	Operational control		Bilan carbone	Limited
Scope 3 – Indirect - Cat.12	Processing of products (end of lifetime): see cat.5	N.A.	Proximus in Belgium 95%	None	None			Limited
Scope 3 – Indirect - Cat.15	Investments: see cat.2	N.A.	Proximus in Belgium 95%	None	None			Limited
Scope 3 – Indirect - Cat.8, 9, 10, 13, 14	Not applicable	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Electricity

Calculation based on the invoices of energy suppliers and internal energy management system GENY (Belgian activities).

Electricity savings

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.

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 based on additional information received from the waste processors:

- 1) The average weights of the subscriptions and the individually measured weights of the waste collections.
- 2) Distinction between hazardous and non-hazardous waste.
- 3) Processing method such as composting, recycling, reprocessing, reuse or residual waste with energy recovery.
- 4) 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.

Annex B – Independent auditor's report on a limited review

Deloitte.



Proximus SA de droit public / NV van publiek recht

Independent auditor's report on the limited review performed on a selection of CSR performance indicators published in the document "A digital sustainable society – 2017 Proximus Group Annual Report" of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2017



Independent auditor's report on the limited review performed on a selection of CSR performance indicators published in the document "A digital sustainable society – 2017 Proximus Group Annual Report" of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2017

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 CSR performance indicators (the "CSR Data") published in the document "A digital sustainable society – 2017 Proximus Group Annual Report" of Proximus SA de droit public / NV van publiek recht ("Proximus") for the year ended 31 December 2017 (the "Document"). The CSR Data have been defined following Proximus' internal CSR reporting guidelines. The CSR Data have been selected by Proximus management and are as follows:

- Number of job seekers supported by Proximus initiatives in Belgium
- Number of kids trained by Proximus employees on 'safe use of Internet' in Belgium
- 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 (KTons) - Group
- CO2 emissions scope 3 (KTons) - 8 relevant categories – Belgium
- CO2 emissions scope 3 – all reported categories – i.e. category 1, 2, 3, 4, 5, 6, 7 and 11 (KTons)
- 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

The scope of our work has been limited to the CSR Data covering the year 2017 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 CSR Data and not all information included in the Document.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Gateway building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Proximus SA de droit public / NV van publiek recht

Independent auditor's report on the limited review performed on a selection of CSR performance indicators published in the document "A digital sustainable society – 2017 Proximus Group Annual Report" of Proximus SA de droit public / NV van publiek recht for the year ended 31 December 2017

Responsibility of the board of directors

The board of directors of Proximus is responsible for the CSR Data and the references made to it presented in the Document as well as for the declaration that its reporting meets the requirements of Proximus' internal CSR reporting guidelines.

This responsibility includes the selection and application of appropriate methods for the preparation of the CSR 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 CSR Data.

Nature and scope of our engagement

Our responsibility is to express an independent conclusion on the CSR Data based on our limited review. Our report has been made in accordance with the terms of our engagement letter dd. 3 November 2017.

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 CSR 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 CSR 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 CSR Data and performing consistency checks on the consolidation of the CSR 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 CSR Data related to Proximus published in the Document, have not been prepared, in all material respects, in accordance with Proximus' internal CSR reporting guidelines.

Zaventem, 2 March 2018

The independent auditor



DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Nico Houthaev