
Management Report Proximus PLC under Belgian Public Law

2018

proximus

REPORT BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON 17 APRIL 2019 ON THE ANNUAL ACCOUNTS OF PROXIMUS PLC UNDER PUBLIC LAW AS AT 31 DECEMBER 2018

Dear Shareholders,

We are pleased to report on the operations of the 2018 financial year and to submit for your approval, the annual accounts per 31 December 2018.

The development and the results of Proximus in 2018

Comments on the annual accounts

Balance sheet

Intangible assets decreased by € 349 million to € 2,715 million mainly as a consequence of the amortization of the goodwill from the 2010 merger by absorption and the impairment of an EBU fulfillment software (€ 22 million), partly offset by important investments in IT assets and broadcasting rights.

The net book value of the “plant, machinery and equipment” increased by € 74 million to € 2,587 million, as investments exceeded the depreciation cost of 2018 which was although impacted by the declining depreciation method used for 2018 investments. On the one hand, there are the extensive investments in enhancing the fixed network with the ongoing roll-out of fiber, on the other hand investments are made in the mobile network to maintain the mobile leadership in the Belgian market.

The participating interests in affiliated enterprises increased with €43 million to € 9,245 million mainly as the consequence of the capital increase of Telindus-ISIT bv, a Dutch based subsidiary, and the acquisition of Codit, a Belgium-headquartered IT services company.

The inventory increased with € 6 million up to € 118 million.

The amounts receivable within one year decreased by € 110 million to € 547 million mainly as a consequence of a good working capital management.

The cash and cash equivalent are approximately € 7 million higher end of December of 2018 at € 45 million compared to December 2017.

The equity decreases by € 62 million mainly due to the Net Income being lower than the distributed profit.

The provisions for liabilities and charges decreased by € 44 million mainly as a consequence of payments for the voluntary early leave plan that started mid 2016.

The increase of amounts payable after one year results mainly from the new € 400 million loan from the European Investment Bank entered into in March 2018 and due in 2028.

The decrease of the current portion of amounts payable after more than one year falling due within one year mainly results from the maturity of the € 405 millions unsubordinated debenture early 2018.

Per 31 December 2018, the current liabilities exceed the current assets. However, Proximus benefits from different sources of financing, such as the use of readily available excess cash within the Group, the issuance of short term notes under

its commercial paper program, the use of existing credit facilities and/or the use of its existing Euro Medium Term Notes program.

Income statement

2018 operating income amounts decreased from € 4,489 million to € 4,460 million. The turnover decreased by € 49 million partially offset by the increase in own construction capitalized with € 13 million and the increase of work and contracts in progress with 11 million. The 2017 non recurring operating income (€ 8 million) relates to income recognized with respect to the compensation mechanism for statutory retirees foreseen in the transfer of the obligation of legal pensions to the Belgian State in 2003. Following a change in law as from 2018,), as from 2018, the obligation to off-set stopped for the Belgian State.

The amount of operating charges increased with € 73 million up to € 4,141 million. The depreciation and amortization increased with € 62 million, the other operating charges with 15 million and the non recurring operating charges with € 24 million partly offset by a decrease of the personnel expenses for € 23 million.

The increase of depreciation and amortization mainly results from an increasing asset base and the application of degressive depreciation on investments of the year 2018.

The increase of non recurring operating charges is mainly the consequence of the impairment of an fulfillment software for the Entreprise Business Unit (€ 22 million).

As a result, the operating profit decreased by € 102 million down to € 319 million.

The net financial income increased with € 188 million up to € 241 million mainly due to higher dividends received partly offset by higher amounts written off on own shares.

The 2018 earnings before income tax amount to € 560 million (vs. € 475 million in 2017).

Corporate income taxes decreased by € 31 million up to € 110 million as 2018 benefitted from lower tax rates and higher non taxable income.

As a consequence the profit of the year before appropriation of the result amounted to € 451 million compared to € 335 million for 2017.

Appropriation of the account

We propose the following appropriation (in €):

| | | 2018 | |
|---|---|----------------|-----|
| Profit of the financial year to be appropriated | + | 451,153,877.43 | EUR |
| Accumulated profits | + | 130,230,237.97 | EUR |
| Profit to be appropriated | = | 581,384,115.4 | EUR |
| Transfers from capital and reserves | + | 250,137,209.51 | EUR |
| Transfers to capital and reserves | - | 1,259,054.00 | EUR |
| Profit to be distributed (Dividends) | - | 484,602,858.38 | EUR |
| Other beneficiaries (personnel) | - | 28,003,503.37 | EUR |
| Profit to be carried forward | = | 317,655,909.16 | EUR |

On December 7th 2018 an interim dividend of € 161.4 million has been paid.

Right and commitments not included in the balance sheet

Proximus has the right to issue Commercial Paper for a total of € 1,000 million, of which € 231 million was issued end 2018, and the right to issue Euro

Medium Term Notes for a total of € 3,500 million, of which € 2,250 million was issued as of end 2018.

Most important risks and uncertainties

Taking risks is inherent to doing business and successfully managing risks delivers return to Proximus stakeholders. Proximus believes that 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 for realizing our objectives. The motivation 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 31 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 33 of these statements. The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. Note that this is not intended to be an exhaustive analysis of all potential risks 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 so by assessing emerging risk (e.g. from regulation, new technologies on the market) and developing mitigating strategies in line with its risk tolerance.

Proximus ERM framework has been reviewed and updated in 2017 in order to be aligned with the market best practices. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The

bottom up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified 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, among which Proximus is the incumbent. Proximus is operating in growing (e.g. mobile data, security, IOT, smart mobility, API platforms), maturing (e.g. smartphones), saturated (e.g. Fixed Internet, postpaid mobile) or even declining (e.g. prepaid mobile, enterprise voice, fixed voice) markets.

The market is in constant evolution, with competitive dynamics (e.g. frequent new product launches, competitors entering new segments of the market) at play 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 6000-8000 jobs and a reduced sector contribution to the state of € 200 million – € 350 million.

Substitution by OTT services of fixed line services (e.g. by apps and social media like Skype, Facebook, WhatsApp, etc.) and TV content could put further pressure on revenues and margins as these over the top services are further gaining 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, keeping the 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 e.g. Studio 100 agreement) , developing an omnichannel strategy and improving digital customer interfaces, ... Proximus has built up an

advantageous and solid competitive position providing the company with other levers than just price, reducing the risk to churn and price disruption exposure. Proximus also successfully launched a new mobile offer targeted at the millennial segment, Epic, 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 at disposal the best content to 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 via 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, and leveraging our various assets to offer simple, reliable and technologically advanced solutions to meet their 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 preserving the value.

Business model and servicing evolution

Proximus' business model and financial performance have been and will 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, meaningful to its customers, will be essential to its performance and profitability in the long run.

For ultra-broadband fibre-based connectivity, Proximus operates a local marketing approach, joining forces of our sales and the one of technical forces and of local partners for its fibre 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 revenues streams outside the classical connectivity business. Examples include our rapidly growing IoT business (including adjacent services) and our smart mobility services (via B-Mobile subsidiary among others). In those 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 mind-set. Proximus could face a shortage of skilled resources in very specific domains like security, digital front-ends, data science, agile IT,... This shortage could hamper the realization of our #shift to digital and customer-centric strategy and delay some of our ambitions in innovation. Besides, there is a need for upgraded skills in customer-facing and in other functions to become digital oriented. .

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

In this matter, it is also essential for Proximus to adapt her way of working to the needs and

requirements of the new generation – “the millennials” - and manage all talents within an inclusive multigenerational environment.

Considering the imperative to align skills vs. customer & business needs, Proximus has taken the necessary steps to identify which skills are critical to face tomorrow’s challenges and to know, develop and share each other’s talents to have the right talent at the right place. Proximus also continues investing in leadership, collaborative work environment, digitalization, development to stimulate a company culture that nurtures a growth mindset, new ways of working, and our five company values being 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 & complex offer of product & services
- the process / legacy IT application complexity

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

Proximus' strategy holds a key focus on 'customer experience' which is materialized through key transformational initiatives like end-to-end journey evolution and Voice of the Customers and business as usual activities. With these, we ambition to :

- ensure products & services are designed to match customer expectations before launching
- 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 did not deliver a first-time right experience or even proactively address an issue before customer notices it

A few examples of what has already been achieved:

- massive upgrading of customers to latest technology
- 'Happy House' visits to improve in-home experience
- 'Safety nets' for customers at risk via 360° multiskilled transversal teams
- Multi-objective calls and e-mails to proactively address customers at risks
- Improvement of our digital channels & tools: 'MyProximus' app redesign, new 'Home optimizer' app, etc.
- Launch of the new WiFi-booster to improve WiFi coverage in home
- Re-design of customer journey

Human resource cost flexibility

Even though Proximus is back on the path of growth since 2015, strong competition, the impact of regulation and fast market evolution require to further reduce costs in order to remain competitive and preserve EBITDA. A significant part 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 progress is steadily made over the past 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 the outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in four employees is statutory. The application of HR rules as defined during successive Collective Agreements is quite strict and doesn't allow as high flexibility as competition. This restricts Proximus'

ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

In 2018 the next wave of the voluntary early leave plan that was agreed by the unions in 2016 has left the company.

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, agile and efficient organization.

First, Proximus will continue to adapt and simplify the organizational structure in order to evolve towards a high-performance organization and as such transforming the way we work.

Besides, different initiatives (drastic simplification and/or automation of Proximus' products, services, processes and systems) would optimize and safeguard the balance between workforce and workload (both in numbers and competencies).

The objective would be to adapt workforce cost and HR rules to Proximus future needs, to remain competitive and be able to evolve with customers' needs.

With this respect, discussions with unions are aimed to on one hand adapt workforce to

workload and on the other hand simplify the current social model, to enhance functional & geographical mobility, increase HR flexibility and further optimize in- and outsourcing balance. This would 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. Depending on the nature of the risk involved and the particular business or function affected, Proximus is using 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 AMA (Advanced Measurement Approach) methodology. A dedicated "as-if" adverse scenario risk register has been developed in order to make 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, those insurance programs may not provide indemnification if the traditional insurance exclusions (nonaccidental event) should apply.

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

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

Business Continuity

Interruptions to our ICT and telecom infrastructure that supports our businesses (including those provided by third party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

Therefore, building and ensuring 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

Per critical product & services, relevant Maximum Tolerable Period of Disruption (MTPOD) have been defined in line with the sales business unit's requirements.

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

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' products, systems and networks. The confidentiality, availability and integrity of

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).

Proximus and its customers' data are also at risk. We are taking the necessary actions & investments to mitigate those risks by employing a number of measures, including employee training, monitoring testing, and 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 continuing demand for ever-increasing quantities of data at ever-increasing 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 out-lived any guarantee period. Outages on the lines will become more frequent.

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

In the last 2 years, Proximus has accelerated the roll-out of Fiber on its fixed network thanks to its 'Fiber for Belgium' € 3 Bio 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 & Supply chain

Proximus depends on key suppliers and vendors to provide equipment needed to operate its business.

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

The following actions have been taken into account in order to keep an acceptable supply chain risk 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 & Service level Agreement (SLA) clauses
- Data protection & privacy

Data protection & 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 for Proximus a top priority.

General Data Protection Regulation (GDPR) ‘s unification of data protection standards across the European Union has raised the privacy bar on personal data by requiring organizations to locate, understand its purpose and appropriately secure it.

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), development of a structure for consent management, security screening and corrective measures for our IT applications.

We also implemented a Privacy Control Framework to provide assurance on the fact 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.

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.

Risk Management & Compliance Committee

In 2018, the Risk Management & Compliance Committee (RMC) has held 4 sessions. The related decisions have been reported to EXCO & the Audit & Compliance Committee. RMC meetings give opportunity to review files where decisions have to be taken by finding the balance between risk taking and cost in line with the Group 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 objectives are: 1. To oversee the company's most critical enterprise & operational risks and how management is monitoring and mitigating those risks. 2. To enhance pending/open internal Audit action points remaining open for more than 6 months.

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

Internal Audit

Proximus internal audit function is – in line with the European best practices requirements – 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 to both the Audit and Compliance Committee and Proximus Management analyses, appraisals, recommendations, counsel, and information:

1. Therefore, internal audit objectives using the COSO and other professional standards are to ensure: 1. The effectiveness & adequacy of internal controls.
2. The operational effectiveness (doing it right) and/or efficiency (doing it well).

3. The compliance with laws, regulations and policies.
4. The reliability & the accuracy of the information provided.

Internal Audit helps Proximus to accomplish those objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit conducts its activities in a manner based on a continuous evaluation of perceived business risks, and 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, in addition to the general enterprise risks also impacting the financial reporting (e.g. personnel), the major 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 could have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment could result in financial statements which do not provide a true and fair view any more. Changes in legislation (e.g. pension age, customer protection) could 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 timely and adequately foreseen, the timeliness and reliability of the financial reporting could be put at risk.

It is the responsibility of the Corporate Accounting department to follow the evolution 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 the Proximus financial reporting is proactively analyzed.

For every new type of transaction (e.g. new product, new employee benefit, business combination), an in depth analysis from a financial reporting, risk management, treasury and tax point of view is performed. In addition, the development requirements for the financial systems are timely defined 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. On a regular base, the Audit & Compliance Committee (A&CC) and the Executive Committee are informed about new upcoming financial reporting standards and their potential impact on the Proximus' financials.

Changes in tax law and regulations

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

The tax department continuously follows 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 draft laws available etc., an impact analysis is made from a financial perspective and from an operational point of view. 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 a continuous monitoring on 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 affiliates, a very detailed closing calendar is established, which includes in detail cross-divisional preparatory meetings, deadlines for 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, as well as detective controls, where the outcome of the processing is being analyzed and confirmed. Specific attention is given to reasonableness tests, where financial information is being analyzed against more 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.

Important events that have occurred after the end of the period

Proximus launched its #shifftodigital strategy, accelerating its transformation to remain relevant on the Belgian market and to secure the company's future. Proximus intends to change its way of working, become more flexible and lean, renew its employees competencies in the digital domain and adjust its cost structure to better conform to market standards. On 10 January 2019, Proximus announced its intention to reduce further the number of employees by approximately 1900 people in the next 3 years in line with the planned workload reduction and at the same time to recruit

1250 new employees with specific skills. Immediately after this date, the information and consultation phase with Unions started, as part of the social dialogue.

On 27th February 2019, Proximus entered into an agreement with an institutional investor to issue a new EUR 100 million private placement note starting 8th March 2019 and maturing in September 2031 with an annual fixed coupon of 1.75%.

Circumstances that can significantly influence the development of Proximus

Circumstances that can significantly influence the development of Proximus are listed in caption 'Most important risks and uncertainties'.

Evolution in research and development activities

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 privacy and awareness initiatives. We are also a proud founding partner of the Cybersecurity Coalition.

Future-proof digital infrastructure

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 communes. 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.

| 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 | 92% (4) | 86% |
| Combined Average VDSL & ADSL speed | 72.6 Mbps | 68 Mbps |
| Vectoring coverage in Belgium | 88.6% | 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 15/02/2019

(4) This includes copper & fiber homes passed 15/02/2019

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 (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 88,6% coverage and by migrating customers from ADSL to VDSL (+30k customers in 2018) offering higher speed and improved stability.

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

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.

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 30 Mbps for more than 60% of the households.

We have worked for several years with Tessaes, 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 ROPs 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.

Digital innovation

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 new

world of digital opportunities that improve the lives and work of people.

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.

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 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.

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.

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.

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

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.

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

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.

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

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.

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 networking 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.

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.

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 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.

In the future, 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 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, 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.

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.

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

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

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.

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

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

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.

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.

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 customers solve incidents. Privileged account management, controlling access to IT systems and data are becoming crucial given the rise in cloud applications and privacy

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

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”.

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.

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

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 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,

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, DaVinci labs, Blockchain and Security Awareness, reaching 75 companies (47 from the public sector).

safely when using it. We help them by sharing our security knowledge and educating them on the value and how-to of cybersecurity.

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.

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.

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.

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.

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.

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.

Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee

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

A majority of the members of the Audit & Compliance Committee 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 Vandendorre 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.

Corporate Governance Statement

Proximus governance model

At Proximus, we know that doing business the right way is our license to operate. We never want to be put at the center of ethical dilemmas and we put the right measures in place to ensure our business is conducted ethically. This first 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.

Deviations 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 four 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 deliberated 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 amongst its members.

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

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

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

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

Proximus considers the timely delivery to all its internal and external stakeholders of complete,

reliable and relevant financial information in conformity with International Financial Reporting Standards (IFRS) and Belgian Generally Accepted Accounting Principles (BGAAP). Therefore,

Proximus has organized its internal control and risk management systems over its financial reporting in order to ensure this objective is met.

Control environment

Organization of internal control

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC) (see caption 'Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee'). Its role is to assist and advise the Board of Directors in its oversight on (i) the financial reporting process, (ii) the efficiency of the systems for internal control and risk management of Proximus, (iii) the Proximus' internal audit function and its efficiency, (iv) the quality, integrity and legal control of the

Proximus statutory and the consolidated financial statements, including the follow up of questions and recommendations made by the auditors, (v) the relationship with the Group's auditors and the assessment and monitoring of the independence of the auditors, (vi) Proximus compliance with legal and regulatory requirements, (vii) the compliance within the organization with the Proximus' Code of Conduct and the Dealing Code.

The A&CC meets at least once every quarter.

Ethics

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

the above-mentioned principles, and aims to inspire each employee in his or her daily behaviour and attitudes. The ethical behaviour is not limited to the text of the Code. The Code is a summary of the main principles and is thus not exhaustive.

The Code "A Socially Responsible Company", which is available on www.proximus.com, sets out

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

Policies and procedures

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

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

Roles & responsibilities

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

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

The team of the Corporate Accounting department assumes this accounting responsibility for the mother company Proximus and the major Belgian companies. They also provide the support to the other affiliates. For this centralized support, the organization is structured according to the major (financial) processes. These major processes include capital expenditures and assets, inventories, contracts in progress & revenue

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

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

Skills & expertise

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

For financial reporting purposes, a specific training cycle was put in place, whereby junior as well as senior staff have to participate mandatory. These

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

Risk analysis

Major risks and uncertainties are reported in the caption 'Most important risks and uncertainties.'

Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption 'Most important risks and uncertainties'.

Information and communication

Financial reporting IT systems

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

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

Effective Internal communication

Most of the accounting records are kept under IFRS as well as local GAAP. In general, financial information delivered to management and used for budgeting, forecasting and controlling activities

is established under IFRS. A common financial language used throughout the organization positively contributes to an effective and efficient communication.

Reporting and validation of the financial results

The financial results are internally reported and validated on different levels. On the level of processes, there are validation meetings with the business process owners. On the level of the major affiliates, a validation meeting is organized with the accounting and controlling responsible. On Proximus group level, the consolidated results are split per segment. For every segment, the analysis and validation usually includes comparison with

historical figures, as well as budget-actual and forecast-actual analysis. Validation requires (absences of) variances to be analyzed and satisfactorily explained.

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

Supervision and assessment of internal control

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

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

Composition and functioning of the governing bodies and their committees

Board of Directors

Since the modified 1991 Law and the changes to the bylaws in April 2016, the following principles will 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 three independent Directors according to the criteria of article 526ter of the Belgian Company Code and of the Belgian Corporate Governance Code.
- 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 twelve years for independent Directors.

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 as independent directors for a new term 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. Demuyck | 68 | Independent director | 2007 - 2019 |
| Martin De Prycker | 64 | Independent director | 2015 - 2019 |
| Tanuja Randery | 52 | Independent director | 2016 - 2020 |
| Agnès Touraine | 64 | Independent director | 2014 - 2022 |
| Catherine Vandendorre | 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 Board Charter which, together with the Charters of the Board Committees, reflects the principles by which the Board of Directors and its Committees operate. The Board Charter stipulates, among other things, that important decisions should have broad support, understood as a qualitative concept indicating effective decision-making within the Board of Directors following a constructive dialogue between directors. Files on important decisions are prepared by standing or ad hoc Board

Committees with significant representation of non-executive, independent directors within the meaning of Article 526ter of the Belgian Company Code.

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

- Not exercising any position, mission or activity in a private or public-sector body that, as important part of its business, offers for profit telecommunications services or goods in Belgium or in any country in which Proximus realizes at least 5 % of its turnover

- Not exercising any position, mission or activity on behalf of a direct or indirect competitor of Proximus or of one of its affiliates
- Not to assist, remunerated or not, any party in its contract negotiations with or procedures against Proximus or one of its affiliates

Committees of the Board of Directors

Proximus has an Audit & Compliance Committee, a Nomination & Remuneration Committee and a Transformation & Innovation Committee (formerly Strategic & Business Development Committee).

Messrs. Guido remuneration J.M. Demuynck (Chairman), Stefaan De Clerck, Pierre Demuelenaere, Paul Van de Perre and Mrs. Catherine Vandendorre are the members of the Audit & Compliance Committee.

Messrs. Stefaan De Clerck (Chairman), Pierre Demuelenaere, Guido J.M. Demuynck, Martin De Prycker and Mrs. Martine Durez are the members of the Nomination & Remuneration Committee.

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

Related Party Transactions

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

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

Evaluation of the Board

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 & 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

The members of the Proximus Executive Committee, other than Mrs. Dominique Leroy, the CEO, are Mrs. Sandrine Dufour, Messrs. Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen and Bart Van Den Meersche.

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

Diversity & Inclusion statement

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

The statement on other non-financial information is included in a separate report which is annexed to this Management Report

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 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 organisation 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 organisation 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 organisation "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.

Proximus is founding partner of "Experience@Work". Thanks to this company, experienced talents from organisations can be deployed in other organisations 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.

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 Organisation'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.

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.

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.

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

Directors' 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 Director.

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 Vandenborre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates.

Overview of 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.

These amounts have been granted based on seven Board meetings, one being an extraordinary and remunerated Board meeting, and eleven Committee meetings.

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.

Activities report and attendance to Board and Committee meetings

| Name | Board (total 7*) | ACC (total 5) | NRC (total 4) | SBDC (total 2) | Total yearly gross remuneration** |
|-----------------------|---------------------|------------------|------------------|-------------------|---|
| 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 Vandendorpe | 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.

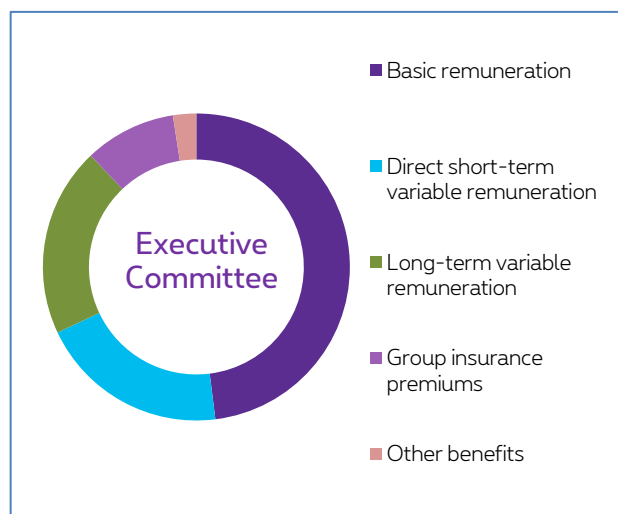
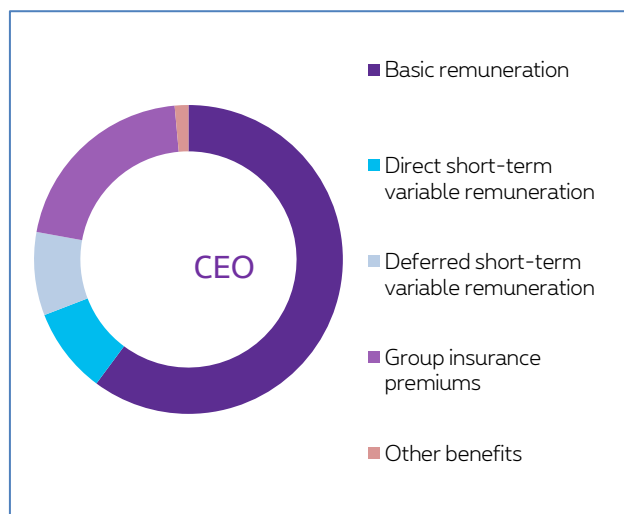
Executive Committee's remuneration structure

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.

Relative importance of various components of the on-target remuneration before employer's social contribution (end 2018)



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 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

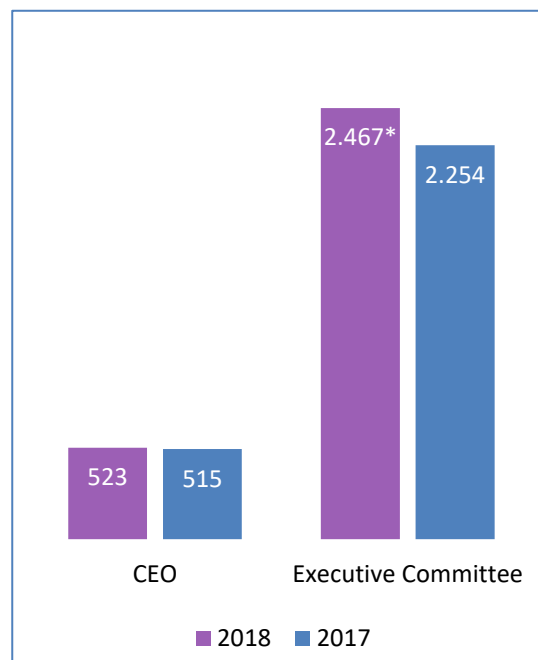
The basic remuneration consists of a basic salary earned by Chief Executive Officer and by the other members of the Executive Committee for the reported year in such respective roles. This remuneration is defined by the nature and the specificities of the function, is allocated regardless of the results 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.

Year-to-year variations in the amounts are mainly resulting from the 2% index of October 2018 (former one was in July) and from the fact that there has been no Chief Consumer Market Officer during six months in 2017.

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.*



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 (KPI's) 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 KPI's are regularly followed-up and communicated. Operational cash flows are 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 150.000 EUR. 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 the 2015 and 2016 years has been

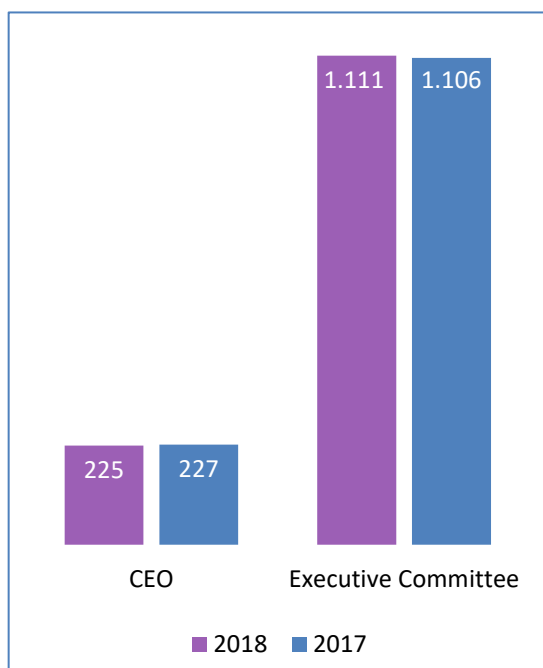
allocated to the CEO on top of a direct short-term variable remuneration, for the performance indicators related to 2017.

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 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.

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.

Peer companies currently included in the basket

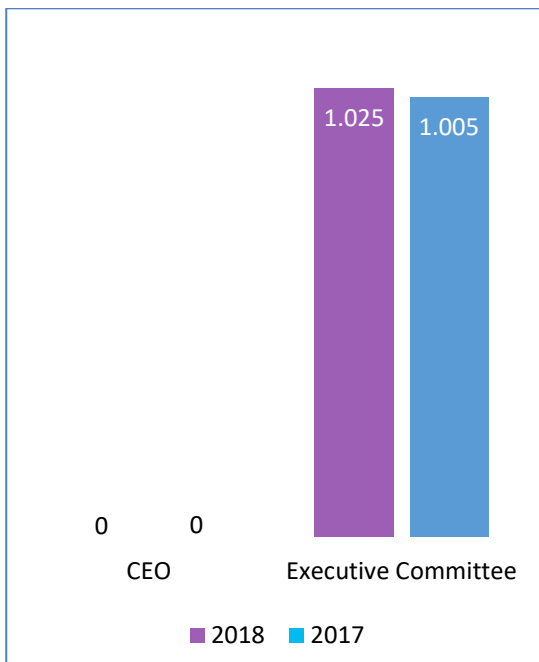
- BT
- Deutsche Telekom
- OTE
- KPN KON
- Orange
- Swisscom
- Telecom Italia
- Telefonica
- Telenor
- Telia Company

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 1 st , 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 year 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.

Position of conflicting interest

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

In accordance with article 523 of the Belgian Company Code, Mrs. D. Leroy, CEO, 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.

In accordance with article 523 of the Belgian Company Code, the minutes of this meeting are included below.

“In accordance with article 523 of the Belgian Companies Code, the CEO, Mrs D. Leroy, informs the Board and the external auditor having a conflict of interest in connection with her performance evaluation for 2017. The Board takes note of this conflict of interest and will include the necessary statement in the management report of Proximus relating to the year 2018. The CEO leaves the meeting.

Performance of the CEO in 2017

Upon the Committee’s recommendation, the Board :

- decides that the percentage of 200% reflects at best the individual performance of the CEO for the Performance Year 2017.
- confirms its assessment for the performance 2015-2016 and 2014-2016.
- determines the total pay-out of the short term incentive in 2018 for the CEO as follows: 50% of the result 2017 + 25 % of the result in 2016 + 25 % of the result 2015, i.e., in total 225.294 EUR.

This closes the item on the conflict of interest”.

Obligation of the law of 21 March 1991 on the reform of certain economic public companies (article 27) and on the law of 3 September 2017 regarding, amongst others, the non-financial information (article 4)

Mandates exercised in companies in which Proximus participates

The mandates exercised by members of the management of Proximus within companies, groups and organisations in which Proximus

participates or to which it contributes to the functioning, are not remunerated.

| Participations | Members on 31/12/2018 |
|---|---|
| PROXIMUS GROUP SERVICES S.A. | S. Dufour G. Kerremans L. Kervyn de Meerendré H. Wampers |
| PROXIMUS OPAL S.A. | O. Moumal D. Lybaert |
| BELGACOM INTERNATIONAL CARRIER SERVICES (BICS) S.A. | D. Leroy S. Dufour D. Lybaert M. Gatta J. Van Acoleyen D. Kurgan |
| CONNECTIMMO S.A. | J. Joos S. De Clerck S. Dufour P. Delcoigne |
| TANGO S.A. | S. Dufour G. Hoffmann R. Tilmans J. Van Acoleyen B. Van Den Meersche G. Boutin |
| TELINDUS S.A. (Luxembourg) | S. Dufour G. Hoffmann M. Lindemans A. Meyers B. Van Den Meersche B. Watteeuw J-F. Willame |
| TELINDUS-ISIT BV | G. Degezelle P. Van Der Perren B. Watteeuw |
| SKYNET iMOTION ACTIVITIES S.A. | P. Verdingh |
| BELGIAN MOBILE ID S.A. | B. Van Den Meersche |

| | |
|---|---|
| PXS RE S.A. | L. Kervyn de Meerendré O. Moumal A. Meyers |
| BE-MOBILE S.A. | D. Leroy S. Dufour B. Van Den Meersche |
| PROXIMUS SpearIT S.A. | S. Bovy G. Hoffmann B. Van Den Meersche P. Van Der Perren D. Van Eynde B. Watteeuw |
| PROXIMUS ICT-EXPERT COMMUNITY (PIEC) S.C.R.L. | K. De Man (permanent representative of Proximus SpearIT S.A.) S. Bovy (permanent representative of Proximus Opal S.A.) B. Watteeuw (permanent representative of Proximus S.A.) D. Van Eynde (permanent representative of Telindus S.A. Luxembourg) |
| CLEARMEDIA S.A. | B. Watteeuw S. Bovy D. Van Eynde O. Malherbe S. Huijbrechts |
| SCARLET BELGIUM S.A. | G. Boutin J. Castele O. Crucq C. Deltenre V. Licoppe S. Röckmann K. Vandeweyer |
| DAVINSI LABS S.A. | C. Crous B. Watteeuw P. Van Der Perren |
| Unbrace SPRL | S. Huijbrechts O. Malherbe B. Watteeuw |
| Codit Holding SPRL | B. Watteeuw G. Degezelle P. Van Der Perren |
| Tessares S.A. | M. Gatta C. Grandjean |
| Co-Station SA | V. Hebbelynck J. Sonck |

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

- 2018 Remuneration of Mrs. Françoise Roels as board member of Skynet iMotion Activities SA: 12,000 EUR.

Miscellaneous

Branches

The branch in the Grand Duchy of Luxembourg was established in 2002 and is as of 17 December 2015 responsible for the management of the Luxembourg subsidiaries and the implementation of the group strategy in Luxembourg.

The Strategic Committee established at the level of the branch manages the Luxembourg

subsidiaries and supervises the implementation of the Fit-for Growth strategy in Luxembourg.

Following the successful merger between Tango SA and Telindus SA on 1 January 2019, the Strategic Committee, having fulfilled its objective, has been discontinued and the branch has been closed on the same date.

Use of financial instruments

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

Proximus manages its exposure to changes in interest rates and its overall cost of financing by occasionally using interest rate swaps (IRS) as well as interest rate and currency swaps (IRCS). These financial instruments are used to transform the interest rate exposure from a fixed to a floating interest rate or vice versa.

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

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

Members of the Joint Auditors

The mandate of Deloitte Statutory Auditors SCRL, Gateway Building, Luchthaven Brussel Nationaal 1J, 1930 Zaventem, represented by Mr. Michel Denayer and of CDP Petit & Co SPRL represented by Mr. Damien Petit, for the statutory audit

mandate of Proximus S.A. will expire at the Annual General Meeting of 2022.

Mr. Jan Debucquoy has been appointed on 1 April 2015. The mandate of Mr. Pierre Rion has been renewed on 10 February 2016.

Auditor responsible for certifications of the consolidated accounts of Proximus Group

The mandate of Deloitte Statutory Auditors SCRL represented by Mr. Michel Denayer and Mr. Nico Houthaeve for the consolidated audit mandate of

Proximus S.A. of public law will expire at the annual general meeting of 2019.

In conclusion

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

Mr. Guido J.M. Demuyck has exercised his mandate as independent director for 12 years and in conformity with the Belgian Company Code and the 2009 Belgian Corporate Governance Code, his mandate can no longer be renewed. On recommendation of the Nomination & Remuneration Committee, we nominate in accordance with article 18 of the bylaws, Mrs. Catherine Rutten (mandate until the annual general meeting of 2023), as candidate independent member of the Board of Directors.

On recommendation of the Nomination & Remuneration Committee, we nominate in

accordance with article 18 of the bylaws, Mr. Martin De Prycker as candidate independent member of the Board of Directors which corresponds with a renewal of his mandate until the annual Shareholders' Meeting of 2023.

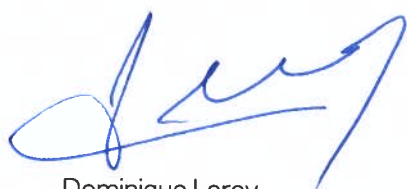
On recommendation of the Nomination & Remuneration Committee, we nominate in accordance with article 18 of the bylaws, Mrs. Dominique Leroy as member of the Board of Directors which corresponds with a renewal of her mandate until the annual Shareholders' Meeting of 2023.

We propose to appoint a College of Auditors consisting of Deloitte Statutory Auditors SARL SCRL, represented by Mr. Geert Verstraeten and CDP Petit & Co SPRL, represented by Mr. Damien Petit, for the consolidated audit mandate of Proximus S.A. for a period of 3 years, which expires at the annual general meeting of 2022.

Yours truly,

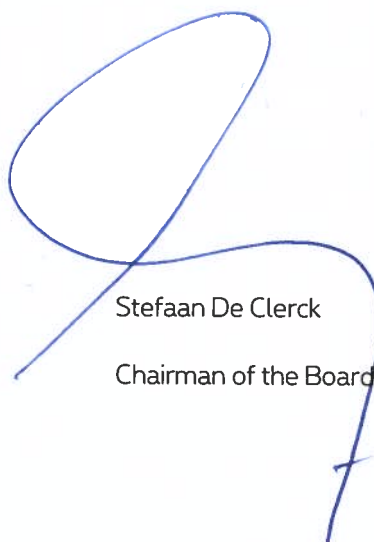
On behalf of the Board of Directors,

Brussels, 28 February 2019



Dominique Leroy

Chief Executive Officer



Stefaan De Clerck

Chairman of the Board of Directors