

# PROXIMUS SA of public law Corporate Governance Charter

## Introduction

Proximus is the main telecommunications company in Belgium and market leader in a number of areas, including retail and wholesale fixed-line telephony services, mobile communication services and broadband data and Internet services.

Proximus has the **mission** to become the preferred provider offering intuitive end-to-end solutions, combining fixed and mobile telecom, IT and media; and empowering its customers to master and enrich their professional and private lives.

Proximus' **governance model** is strongly influenced by the company's specific legal status. As a limited liability company under public law, Proximus is first and foremost governed by the law of 21 March 1991 reforming certain public economic enterprises ("the 1991 Law"). For matters not explicitly regulated by the 1991 Law, Proximus is governed by the Belgian Commercial Companies Code.

The **main characteristics of Proximus' governance model** are:

- A Board of Directors that defines Proximus' general policy and strategy and monitors the company's operational management;
- the creation by the Board of Directors of an Audit and Compliance Committee, a Nomination and Remuneration Committee and a Strategic and Business Development Committee, all composed of Board members;
- A Chief Executive Officer (CEO) who takes the primary responsibility for operational management, including, but not limited to, day-to-day management.

This means that Proximus' activities are carried out by its managers and employees under the leadership of the CEO (assisted by the Executive Committee) and the active supervision of the Board of Directors, with strategic support of this Board, all in the interest of promoting the company's long-term value.

In this way, Proximus aims to meet, in a responsible manner, the expectations of other stakeholders and parties concerned, including employees, customers and suppliers, as well as the community and environment in which the company operates. In creating long-term value, Proximus must take into account ethical standards and apply a policy that limits operational risks.

Proximus subscribes to the principles of good governance and transparency, as defined by the Belgian "Code on Corporate Governance." The corporate governance charter was approved by the Board of Directors on 15 December 2005 and is adapted regularly. Any important changes are explained during the General Shareholders Meeting.

The Proximus Corporate Governance Charter has been published together with Proximus' Articles of Association on the Internet site. [www.Proximus.com](http://www.Proximus.com)

## 1. Proximus' organization

Proximus realizes its intention to pursue integrated solutions, leveraging its strong brands through customer-centric business units with specific market segment focuses (consumer and professional). Proximus is made up of four Business Units:

- The Consumer Business Unit that focuses on Customer Channels, Marketing and Business Development activities for the mass market;
- The Enterprise Business Unit that focuses on Marketing, Customers projects delivery and Business Development activities for the SME and Corporate Segments;

- The Service Delivery Engine which is responsible for a consolidated architecture, design, deployment, operation and maintenance of all networks, the IT technical infrastructure, the service platforms and support systems.
- The Customer Operations which is responsible for aligning procedures and creating synergies between the operational after-sales activities of the different Business Units.

Alongside, Belgacom International Carrier Services, a joint venture between Proximus, Swisscom Fixnet and MTN, is responsible for international carrier activities.

ConnectImmo is a subsidiary to which Proximus has transferred most of its real estate assets. It is responsible for the active management of the Proximus buildings.

Skynet's objective is to develop and market systems, products and services for the Internet, IT and electronic communication, including for radio and television programs.

Proximus also has support departments such as Finance, Strategy, Human Resources, Communications, Legal, Public Affairs, Investor Relations and the Secretariat General. These services provide specialized support, ensure coherence between the business units and, where possible, create synergies.

The Proximus Executive Committee is composed of the Proximus CEO, the Chief Financial Officer, the Chief Human Resources officer, the Chief Consumer Market Officer, the Chief Technology Officer, the Chief Customer Operations Officer, the Chief Enterprise Market Officer and the Chief Corporate Affairs Officer.

## 2. Shareholders

### 2.1. Capital and shares

The Company's share capital amounts to one billion euro (EUR 1,000,000,000) and is fully paid-up.

This share capital is represented by three hundred, thirty-eight million, twenty-five thousand, and one hundred and thirty-five (338,025,135) no-par-value shares.

In accordance with the Belgian Transparency Law, holdings of 5 % (or a multiple of 5 %) of the total share capital must be declared to both the FSMA and the company itself.

In accordance with Proximus' Articles of Association, holdings must be declared as soon as they reach the 3 % and 7.5 % threshold.

As per 31 March 2015 the most important shareholders are:

	Shares	% shares	Voting rights
Belgian state	180,887,569	53.51 %	56.25 %
Proximus (treasury shares)	16,436,055	4.86 %	0.00 %
Free float	140,701,511	41.62 %	43.75 %
<b>Total</b>	<b>338,025,135</b>	<b>100.00 %</b>	<b>100.00 %</b>

## **2.2. General Shareholders' Meeting**

### **2.2.1. Date and venue**

The Annual General Meeting is held on the third Wednesday of April at 10 a.m. If this day is a public holiday, it is held on the next working day.

An extraordinary general meeting can be convened whenever it is considered to be in the company's interest.

A general meeting can be convened by the Board of Directors or the Board of Auditors, and must be convened if requested by shareholders representing at least one-fifth of the share capital.

General meetings are held at the company's headquarters located at 27 bd. du Roi Albert II, 1030 Brussels, unless a different venue is specified in the notice.

### **2.2.2. Notice**

For the ordinary Annual General Meeting of Shareholders, a notice is sent to the holders of registered shares and the holders of registered subscription rights. A notice is also published in the Belgian Official Gazette and at least in one French-language and one Dutch-language national newspapers in Belgium at least 30 days prior to the meeting.

Agendas and explanations are published on Proximus' website. Shareholders may also consult them at Proximus' headquarters. They are sent to the holders of registered shares and to the persons that completed the formalities to participate to the general assembly.

### **2.2.3. Registration and participation, proxies and voting by letter**

#### **Registration and participation**

In order to participate and vote in the ordinary general meeting and/or the extraordinary general meeting, shareholders must satisfy the two conditions set out herunder in points A and B, namely:

A. Their shares must be registered in their name on the registration date.

The registration date is the fourteenth day at 24 hours before the general meeting.

For dematerialized shares: the shares will be registered in the name of the shareholder, on the "registration date", in the accounts of the account holder or a clearing body, without any action being required on the part of the shareholder.

For registered shares: the shares will be registered in the name of the shareholder, on the "registration date", in the company's register of shareholders, without any action being required on the part of the shareholder.

B. They must give notification of their wish to participate in the general meetings and of the number of shares they wish to represent in the voting.

Holders of dematerialized shares will receive a certificate from the authorized account holder or a clearing body, stating the number of dematerialized shares registered in the name of the shareholder on the "registration date". They are asked to instruct their financial

institution to inform the company via the way indicated in the invitation, no later than six days before the date of the meeting, about their wish to participate in the general meetings and the number of shares they wish to represent in the voting.

Holders of registered shares  are asked to inform the Proximus Secretary General in writing, no later than six days before the date of the meeting, about the number of shares they wish to represent in the voting during the general meetings.

Holders of bonds, warrants or certificates issued with the cooperation of the company, who, under the terms of Article 537 of the Belgian Companies Code, are entitled to attend each meeting with an advisory vote only, are asked to follow the same deposit and prior notification formalities as those imposed on shareholders.

### **Proxies**

Under Article 35 of Proximus' Articles of Association, shareholders may designate another person as their proxy by post, e-mail or fax. Shareholders who wish to designate another person as their proxy are requested to fill in and sign the proxy forms appended to the notices. The proxy must be reported to Proximus no later than six days before the date of the meeting at the place indicated in the notice. The signed originals must be given to the proxy holder. He/she will be obliged to present them to company representatives on the day of the meeting in order to be admitted.

### **Voting by post**

Every shareholder can vote at any shareholders' meeting by letter, via a form containing the following information:

- (i) the name and address of the shareholder's registered office;
- (ii) the number of shares that he/she represents when voting;
- (iii) a clear indication, for each item on the agenda, of the shareholder's vote: Yes, No or Abstain. As regards the establishment of a quorum, only those forms received by Proximus at the address in the convocation no later than six days before the day of the meeting will be taken into account.

The Board of Directors may also organize an electronic vote.

#### **2.2.4. Written questions**

Shareholders who have validly given notification of their participation in the general meetings, may submit questions to the directors about their report or the items on the agenda, and to the auditors about their report. Such questions must be submitted to the company at the latest six days before the meeting.

#### **2.2.5. Additional items on the agenda**

One or more shareholders, who together possess at least 3% of Proximus' share capital, may have items to be dealt with placed on the agenda of the general meetings and submit motions for resolution on items included or to be included in the agenda. Such requests, along with proof of ownership of the required participation, and, as the case may be, the text of the items to be dealt with and the related motions for resolution, must be submitted by e-mail to [secretary.general@proximus.com](mailto:secretary.general@proximus.com) by no later than the 22<sup>nd</sup> day before the meeting. Where applicable, the company will announce the supplemented agenda by no later than the 15<sup>th</sup> day before the meeting.

## **2.2.6. Procedure**

### Composition of the Bureau

General meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, a Board Member designated by the other Board Members or by a person appointed for this purpose by the general meeting. The Secretary is appointed by the Chairman. If required by the number of shareholders present, the general meeting must appoint two tellers from among the shareholders present. The Chairman, Secretary and, if appointed, the tellers, together constitute the Bureau of the meeting.

### Voting

Every share carries one voting right, except where this is suspended under the law. The general meeting may deliberate and decide by a simple majority, irrespective of the number of shares present or represented at the meeting.

When a general meeting is convened to deliberate and adopt resolutions on the following matters:

- amendments to the Articles of Association;
- a capital increase or decrease;
- the issue of shares below par value;
- a withdrawal or restriction of the pre-emptive rights of shareholders;
- the issue of convertible bonds or warrants;
- any other matter, which, in accordance with the Commercial Companies Code, the law of 21 March 1991 or the Articles of Association, require a decision of the Extraordinary General Meeting in accordance with the rules governing amendments to the Articles of Association,

at least half of the shares representing the Company's capital must be present or represented at the meeting. Where this criteria is not met, a new meeting must be convened, which shall validly deliberate and adopt resolutions, irrespective of the number of shares present or represented.

To be validly adopted, resolutions on such items require a majority of three-quarters of the votes, abstentions being deemed a vote against the motion. This is, however, without prejudice to any special majority requirements imposed under the Commercial Companies Code for such matters as changes to the company's objects, authorization for the Company or its direct subsidiaries to acquire or cede their own shares, or consent to the Company or its direct subsidiaries pledging their own shares or consent to a transformation of the Company.

Any amendment to the Articles of Association comes into effect only following approval by the Crown, in an Order in Council deliberated in the Council of Ministers.

## **3. Board of Directors**

### **3.1. Proximus' Board of Directors**

The Board of Directors has the power to perform any acts that may be necessary or useful for the achievement of the Company's corporate objects, with the exception of those reserved by law, or by the articles of association, to other bodies within Proximus.

The Board of Directors shall define the general policy and strategy of Proximus, on proposal of the CEO, and shall monitor the latter's management activities.

The CEO must report regularly to the Board of Directors. The Board of Directors or its Chairman may, at any time, require the CEO to submit a report on all or part of Proximus' activities.

### **3.2. Tasks and responsibilities of the Board of Directors**

In this role, the Board of Directors has the following tasks and responsibilities, which it will carry out with the support of the different Committees set up by the Board of Directors:

- (i) *General:* approval of Proximus' vision and mission;
- (ii) *The composition and compensation of the Board of Directors:*
  - to advise the General Shareholders' Meeting on the ideal size and composition of the Board;
  - to select and recommend candidates to be appointed by the General Shareholders meeting;
  - to temporarily fill any vacant position in the Board;
  - to appoint and dismiss Board Committees; and
  - to monitor the remuneration and benefits of Board Members.
- (iii) *The composition and compensation of senior management:*
  - to assist in the selection of candidates for the position of CEO;
  - to appoint, on proposal of the CEO and after consultation of the Nomination and Remuneration Committee, the members of the Executive Committee;
  - to supervise the development of plans for replacing senior managers;
  - to supervise and decide on the remuneration and benefits of the CEO and Executive Committee members;
  - to monitor the decisions of the CEO and/or the Executive Committee concerning the remuneration and benefits of the other senior managers;
- (iv) *Incentive Compensation Plans:* to evaluate and approve the incentive compensation and other equity-based plans of the Company;
- (v) *Management oversight:* to oversee and monitor, advise and evaluate the CEO and the Executive Committee;
- (vi) *Strategic and Business Plan:*
  - to evaluate and approve the strategic and business plan, as drawn up by the CEO in consultation with the Executive Committee, which includes acquiring in-depth knowledge of the business provided, understanding and questioning the plan's assumptions, and reaching an independent opinion as to the probability that the plan can be realized;
  - to check that the Company's performance is in line with the strategic plan and the business plan. The CEO develops an appropriate system for allowing the Board of Directors to follow up the implementation of the business plan;
- (vii) *Human Resources:* to ensure that Proximus disposes of the necessary human resources and competences to implement the strategy. To this end the CEO will detail a plan and a monitoring system, allowing him and the Board of Directors to have a global scoring card on the management competences being available at the level of the Executive Committee and the Top Group Resources, and a succession plan.
- (viii) *Financials:* to evaluate, assess and follow up Proximus' financial objectives, plans and actions, including significant capital allocations and expenditures; monitor and adopt the audited financial statements, and monitor and approve the public disclosure of Proximus' financial results;

- (ix) *major (trans)actions*: to evaluate, approve and follow up important (trans)actions of Proximus. If a project implies a dilution of the participation of the Belgian State bringing the participating interest of the public authorities in the share capital to 50 % or less, the CEO and the Board of Directors (for the Board of Directors on recommendation of the Strategic and Business Development Committee), will jointly appoint the financial advisor. All projects of acquisitions, mergers and disinvestments, must contain an integration plan;
- (x) *Risk management*: to evaluate important risk factors for Proximus, and examine the scope for or take steps aimed at limiting risks;
- (xi) *Ethical behaviour and compliance*: to ensure that procedures are in place to safeguard Proximus' integrity and its compliance with laws and regulations, and with audit, accounting and ethical principles in its relations with all the parties concerned;
- (xii) *Self-evaluation*: to evaluate its efficiency in performing the above-mentioned and other tasks and responsibilities;
- (xiii) *Approval of the management contract and any changes thereto*.

### **3.3.Composition of the Board of Directors**

#### **3.3.1. Size**

The Board of Directors is composed of no more than 16 members, including the CEO. At present, the Board has 14 members.

#### **3.3.2. Selection, recommendation and appointment of the Board Members**

The Board of Directors consists of:

- (i) The Board Members are appointed directly by the Belgian State, in proportion to the number of votes held by the State. These Members must be appointed on the basis of their competence in legal, economic, financial, social or telecommunications fields and from among prominent members of the business or academic communities, after consultation with the Nomination and Remuneration Committee;
- (ii) Board Members appointed in the General Meeting of Shareholders, and by a separate vote among the other shareholders for the remaining seats. These Board Members are appointed solely from among the candidates nominated by the Board of Directors, on recommendation of the Nomination and Remuneration Committee. At least three Board Members must be independent in the technical sense, as stated in the Belgian Commercial Companies Code.

#### **3.3.3. Criteria**

The appointments in the Board are made on the basis of merit and objective criteria. Board members must have very high levels of professional competence and insight, and serve the Company's long-term interests.

Each Board Member must have the skills and experience that complement the needs of the Company, and must, when required, give the Board the objective perspective that will enable the latter to bring management to account, if necessary.

Board Members must be prepared to spend the amount of time necessary to carry out their tasks and responsibilities effectively, and they must hold their seat on the Board of Directors for a substantial period of time. Each Board Member must observe the code of conduct and the “compliance policies.”

The Board as a whole must be composed of persons who complement each other, with different levels of expertise and proficiency. Moreover, the composition of the Board must comply with the statutory rules on linguistic parity and incompatibilities.

The Nomination and Remuneration Committee is responsible for monitoring, together with the Board, at regular intervals, the expertise and qualifications of the individual Board Members and the composition of the Board as a whole, based on the Company’s needs.

#### **3.3.4. Independence criteria**

At least three Board Members appointed by shareholders other than the Belgian State must meet the independence criteria, as set out in Article 524, Para. 4, iuncto Article 526 ter, of the Commercial Companies Code. This means that:

- (i) a candidate for an independent Board Member’s seat must not have filled the position of an executive Director or member of the Executive Committee, or responsible for the daily management in the Company or a subsidiary during a period of five years prior to the planned appointment date;
- (ii) a candidate for an independent Board Member’s seat must not have exercised more than three consecutive mandates as non-executive Director in the Board of Directors, without the total term may have exceeded twelve years;
- (iii) a candidate for an independent Board Member’s seat must not have filled the position of senior management during a period of three years prior to the planned appointment date;
- (iv) a candidate for an independent Board Member’s seat may not have received from the company or an affiliate a material financial advantage, with exception of the remuneration as non-executive Director,
- (v) a candidate for an independent Board Member’s seat must not hold 10% or more of the Company’s share capital, or represent a specific category of shares; if he/she holds less than 10%: (a) these shares, together with the other Proximus shares held by companies that are controlled by the Board Member in question, may not represent 10% or more; (b) he/she must not have entered into any contract concerning the sale of these shares or the exercise of the rights attaching to these shares;
- (vi) a candidate for an independent Board Member’s seat may not have or have had in the past financial year a significant business relationship with the company or an affiliate;
- (vii) a candidate for an independent Board Member’s seat may not have been a partner or employee of the current or previous external auditor of the company or an affiliate;
- (viii) a candidate for an independent Board Member’s seat may not be a member of the Board of another company in which an executive Director of Proximus has a seat as non-executive member of the Board and may not have other strong ties with executive Directors of Proximus in a capacity of mandates with other companies;
- (ix) a candidate for an independent Board Member’s seat may not have close family members, i.e., spouse or partner that the candidate is officially registered as cohabiting with, or a second-degree family

member, who is exercising a function described under (i) above, or who has a financial interest described in (ii) above; and

In assessing the candidate's independence, Proximus shall also take into account the criteria laid down in the Belgian Code of Corporate Governance.

Within the limits of the law of 21 March 1991, the Board must always propose as many independent Board Members as possible at the General Shareholders' Meeting.

### **3.3.5. Mandate Terms**

As a rule, Board Members are appointed for six-year terms. This can be extended, in accordance with the articles of association.

To ensure continuity, the Board of Directors shall ask the shareholders to propose reappointments and replacements in a planned, step-by-step manner, with the focus on renewal.

As a rule, the Board Members are expected to relinquish their mandate at the General Meeting in the calendar year they turn 70.

## **3.4. The functioning of the Board of Directors**

### **3.4.1. Timetable and agenda of Board meetings**

At the end of the calendar year, the Chairman shall establish a timetable for the board meetings in consultation with the CEO.

The Board of Directors shall meet every year in at least five regularly scheduled meetings. The Board of Directors must also evaluate the strategic long-term plan in at least one meeting per year.

The Chairman or the CEO may convene additional meetings whenever required in the interests of the Company, or when requested by at least two Board Members.

The Chairman shall draw up the agenda of every Board meeting in consultation with the CEO. Additional points may be added to the agenda if requested by at least two Board Members. In the event of an unscheduled Board meeting, the person convening the Board will draw up the agenda. In consultation with the CEO, the Chairman may also add to the agenda any points he sees fit.

Board members must attend all planned meetings and additional meetings. On the condition that the Chairman grants his approval, a Board Member who cannot be physically present may participate in the discussions and voting by telephone or videoconference; he/she may also be represented by another Board Member by written proxy.

The Board may invite to its meetings anyone whose presence it considers useful.

### **3.4.2. Notice period of board meetings and prior distribution of documents**

As a rule, Board Members must be notified of the meeting at least 10 days in advance. However, this period can be shortened if the Chairman and the CEO both decide that this short notice period is necessary due to unforeseen circumstances and in the Company's interest, or if (ii) all the Board Members agree to this shorter notice period.

The Board of Directors may also meet at any time without notice if all the Board Members agree with the meeting's agenda.

The notice shall include the time and place of the meeting, as well as the agenda.

The information and the data required by the Board Members to discuss the items on the agenda, as well as the final version of the draft minutes of the previous meeting, must as a rule be sent in writing to each Board Member at the end of the week prior to the meeting. Every decision point in the documents provided to the Board Members must be accompanied by a recommendation from the Legal department and the Finance department, for every subject that has to be discussed. If, however, the supporting documentation is of a very sensitive or confidential nature, the Chairman must take care that no copies are distributed, but that the Board Members can see such documents prior to the meeting. The Board Members are expected to have examined the documents before the meeting. If the matter is too sensitive to be written down, it will be discussed in the meeting.

Every meeting is chaired by the Chairman of the Board of Directors. If the Chairman is absent, he will be replaced by the Board Member with the most seniority, or if two or more Board Members have the same seniority, by the oldest member.

### **3.4.3. Quorum**

In accordance with Article 23, Para. 1 of the articles of association, except in the event of force majeure, the Board of Directors may only deliberate and validly adopt resolutions if at least half of its Members are present or represented. If this quorum is not reached, a new meeting must be convened. If at least one-third of the Board Members are present or represented, the second meeting may deliberate and validly decide the items on the agenda of the previous meeting.

All resolutions of the Board are adopted by simple majority of votes cast by the Board Members who are present or represented at the meeting. Otherwise, the following resolutions require a two-thirds majority of the votes cast by the Members present or represented:

1. the decision to take an interest in a company that represents more than 25% of the company's capital;
2. every proposal to change the basic rules on the status of statutory employees within the company or regarding the trade unions and their representatives, that was not adopted with a two-thirds majority within the joint committee;
3. resolutions on the use of authorized capital when this would involve the restriction or withdrawal of shareholder pre-emptive rights;
4. resolutions to acquire or transfer the company's own shares;
5. resolutions to delegate all or some of its powers to the CEO;
6. resolutions to approve or change the Management Contract.

In the event of a tied vote, the Chairman, or, in his absence, the Member replacing him pursuant to Section 1, has the casting vote.

Important decisions of the Board - including but not limited to, decisions relating to the business plan, the annual budget, financial reports, strategic transactions and changes to important principles relating to the functioning of the Board, as laid down in this charter, as well as the composition and core tasks of each Board committee - must have broad support within the Board, and must be prepared by permanent or ad hoc Board committees, with a significant number of non-executive, independent Board Members.

"Broad support" must be interpreted as a qualitative concept that refers to effective decision-making on the basis of a constructive dialog between the Board Members.

#### **3.4.4. Conflicts of interests and incompatibilities**

The Board of Directors subscribes the principle that the notion "conflict of interest" is broader than the legal regulations with respect to conflict of interest.

a. Legal stipulations:

i. Article 523 Belgian Code of Companies:

The Board of Directors and every individual Board Member must meet all the rules relating to the conflicts of interest between the Company and the Board Member, as laid down in Article 523 of the Belgian Commercial Companies Code.

Board Members who have a direct or indirect conflict of interest with the Company relating to property rights must inform the Chairman and the Secretary General thereof immediately, and no later than at the beginning of the meeting in which the issue which gave rise to the conflict will be discussed. In such notification, the Board Member must explain the nature and cause of the conflict he/she is facing. He/she shall not take part in the deliberation and the poll vote on this issue.

The Board of Directors must describe the nature of the conflict and must justify its decision on the matter, paying special attention to the consequences thereof on the Company's property rights.

The minutes of the meeting relating to the reporting of the conflict of interest and the deliberation, and the decision on this conflict, will be published in full in the annual report of the accounting year in question.

The minutes of the meeting must be submitted to the statutory auditors, who must be kept informed of such conflicts of interest.

ii. Article 22 of the Law of 21 March 1991:

The office of Director of the Company is not compatible with the office or functions of:

1. Member of the European Parliament or of the European Commission;
2. Member of the legislative chambers;
3. Minister or Secretary of State;
4. Member of Parliament or of the Government of a community or region;
5. Governor of a province or member of the permanent delegation of a provincial council.

Moreover, with the exception of the Chief Executive Officer and the other members of the Executive Committee, the office of Director of the Company is incompatible with the function of employee of the Company.

Any Director in breach of these provisions must resign from the offices or duties giving rise to such conflict of interests within three months. He/she is deemed, ipso jure, to have resigned as a Director of the Company in the event of any failure to do so within this three-month period, without prejudice to the validity of any acts he/she may have performed or deliberations in which he/she participated during this period.

iii. Article 59 of the Law of 21 March 1991:

The office of Directors appointed or nominated by the public authorities is incompatible with holding any position in the Belgian Institute for Postal Services and Telecommunications or in a private or public-sector body that offers telecommunications services or goods for profit.

Any Director in breach of this provision must immediately resign from the offices or duties giving rise to the conflict of interests. He/she is deemed, *ipso jure*, to have resigned as a Director of the Company in the event of any failure to do so within one week of accepting the post or function, without prejudice to the validity of any acts he/she may have performed or deliberations in which he/she participated during this period.

b. Extra-legal stipulations for non-executive directors:

Directors commit to avoid any appearance of conflict of interest by, amongst other, but not limitative:

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

At the end of every year, Directors are invited to fill in the declaration on independency and conflicts of interests and relationship with Proximus. The nomination and remuneration committee will analyse these declarations and will, in case be, submit any possible issue to the Board of Directors in its next meeting.

#### **3.4.5. Transactions or other contractual relationships between the company and its board members**

Transactions or other contractual relationships between the company, including its related companies, and its board members, which are not covered by the legal provisions on conflicts of interests, shall be conducted at arm's length and under the conditions of the "Related Party Transactions Policy".

#### **3.4.6. Written resolutions of the Board**

Under exceptional circumstances where there is a need for urgent action to protect the interests of the Company, resolutions of the Board of Directors may be adopted if the Members give their unanimous consent thereto in writing. This procedure is not permitted for closing annual accounts, using authorized capital, approving the Management Contract and any amendments thereto, and drawing up the Business Plan.

#### **3.4.7. Minutes of the meeting**

The English version of the draft minutes of each meeting must be provided to the Board Members as soon as possible, i.e., in principle

within 14 days of the end of the meeting, for comment and provisional approval.

The Chairman, assisted by the Secretary General, must ensure that the definitive minutes in Dutch and in French are submitted for approval at the next meeting. An English translation is added for information. In the event of a conflict between the Dutch and French text, the Chairman shall decide which text takes precedence.

### **3.5. Board Committees**

#### **3.5.1. General**

The Board of Directors has set up an Audit and Compliance Committee, a Nomination and Remuneration Committee and a Strategic and Business Development Committee. The Board of Directors may also set up, from among its own Members, any advisory committees it considers useful.

#### **3.5.2. Membership of committees**

The Audit and Compliance Committee shall be composed of minimum three directors. The majority will be independent Directors. Its Chairperson also shall be an independent Director.

The Nomination and Remuneration Committee shall be composed of minimum three directors. The Chairman of the Board shall preside the Committee. The majority will be independent Directors.

Half of the members of the Strategic and Business Development Committee must consist of Board Members appointed by the state. The committee is chaired by the Chairman of the Board of Directors, with the CEO participating as an *ex officio* member.

The committee members and the Chairman of the Audit and Compliance Committee are appointed by the Board of Directors after consultation with the Nomination and Remuneration Committee, taking into account the requirements set out in the committee charters and the personal preferences, experiences and expertise of the individual Board Members.

The Board is of the opinion that, for the composition of the committee, preference must be given to a partial renewal system where appropriate.

#### **3.5.3. Committee charters**

Each committee has its own charter, which sets out the composition, function, tasks, responsibilities, and the functioning of the committee. The Charters are approved by the Board of Directors by simple majority vote, on the recommendation of the committee in question. Every committee must evaluate its charter regularly and make recommendations to the Board of Directors about any changes that may be necessary.

However, changes to important principles, such as the composition and the core functions of the committees, should only be made if they can count on broad support in the Board of Directors.

#### **3.5.4. Audit and Compliance Committee**

The role of the Audit and Compliance Committee is to assist and advise the Board of Directors on:

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

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

#### **3.5.5. Nomination and Remuneration Committee**

The role of the Nomination and Remuneration Committee is to assist and advise the Board of Directors on:

- the composition and appointment of the Board Members;
- the composition and nomination of the members of committees comprised of members of the Board and the Executive Committee. The Belgian state shall consult the Nomination and Remuneration Committee on the appointment of the CEO;
- the remuneration policy and individual remuneration for Board Members;
- the individual remuneration for the CEO and members of the Executive Committee;
- the remuneration strategy for the employees;
- the remuneration report;
- the corporate governance aspects and compliance with the Belgian Corporate Governance Code.

The Nomination and Remuneration Committee meets at least four times a year.

#### **3.5.6. Strategic and Business Development Committee**

The role of the Strategic and Business Development Committee is to assist and advise the Board of Directors on :

- acquisitions, mergers, and divestments over 100 million EUR;
- large corporate restructuring programs;
- the proposed entry into a new business, if not specifically contemplated by the Business Plan or by the annual budget.

The CEO will inform the Strategic and Business Development Committee on the projects for mergers, acquisitions and disinvestments with a value above 5 million EUR, before Proximus enters a bid, even indicative.

The Strategic and Business Development Committee meets at least twice a year.

### **3.6. Remuneration of the Board Members**

The remuneration of the Board Members, with the exception of the CEO, consists of an annual fixed payment of €50,000 for the Chairman of the Board, and €25,000 for the other Board Members. Moreover, all Board Members are entitled to an attendance fee of €5,000 per Board meeting. Finally, members of the advisory committee are entitled to a €2,500 attendance fee per Board meeting. For the Chairman of the Board or of a committee, this attendance fee per meeting is doubled.

### **3.7. Communication for Board Members**

#### **3.7.1. Access to information**

It is the Chairman's responsibility to ensure that the information for the Board Members is clear and sent on time. Whereas management is responsible for providing this information, it is up to the Board Members to ask for clarifications and explanations where necessary. Only the Chairman and the CEO may communicate directly with management to ask for additional information. The other Board Members must ask their questions through them.

The Chairman and the CEO meet on a weekly basis in order to brief each other on the operations and strategic initiatives of Proximus and on the contacts with the public authorities and shareholders.

The Chairman ensures that the reports on the meetings of the different committees of the Board are communicated to all Board Members and that, each time that the Board is asked to deliberate on a proposal or recommendation of such committee, the Board is in possession of a motivated report of the Chairman of the committee on the question that is the object of the deliberation.

#### **3.7.2. Access to independent consultants**

The Board, its Chairman and its committees may call on external advisers, experts, consultants and other Board Members, if required for the implementation of their tasks. The Secretary General is in charge of coordinating the recruitment initiatives in the various committees of the Board, with the aim of cutting costs and avoiding duplicating work.

#### **3.7.3. Interaction with third parties**

Board Members are bound by a duty of confidentiality regarding the information that they have obtained for the performance of their tasks. Unless the Board of Directors decides otherwise, individual Board Members must refrain from communicating with entities of the Company or with third parties.

### **3.8. Performance Evaluation**

The Board of Directors and the Committees shall perform an evaluation at regular intervals to determine whether the Board and its committees fulfill their respective tasks and responsibilities effectively.

Every year at the end of January, the Chairmen of the various committees shall submit their annual reports to the Chairman of the Board.

The Chairman of the Board must follow up the results of the performance evaluation by recognizing the strong points of the Board, and by helping it to overcome its weaknesses. If necessary, the Chairman shall propose new members for appointment to the Nomination and Remuneration Committee, or request the dismissal of Board Members.

## **4. Management**

### **4.1.CEO**

#### **4.1.1. Powers**

The CEO is responsible for the day-to-day management, and reports to the Board of Directors.

Moreover, in accordance with the Law of 1991 and Proximus' Articles of Association, the Board of Directors, may, deciding by a majority of two-thirds of the votes cast by the Members present or represented, delegate all or some of its powers to the CEO, except for:

- ❑ the approval of the management contract with the Belgian State or any modification thereof;
- ❑ the drawing up of the business plan, and the definition of the general policy and strategy for the Company;
- ❑ the supervision of the CEO; and
- ❑ other powers reserved to the Board of Directors by law.

On this basis, the Board of Directors has delegated broad powers to the CEO.

In accordance with article 26, §3, of the Articles of Association, the CEO, in concertation with the Executive Committee, prepares each year the draft business plan, fixing the objectives and the medium-term strategy of Proximus.

This draft respects the strategic orientations defined by the Board of Directors on proposal of the CEO. It includes the analysis of the implementation of these orientations and, should the occasion arise, proposes the changes that should be brought to it.

This draft is the object of a detailed discussion within the Strategic and Business Development Committee and is presented to the Board of Directors for discussion and approval.

The CEO is a member of the Board of Directors.

#### **4.1.2. Appointment and dismissal**

The CEO is appointed for a renewable six-year term by the Belgian State in a Royal Decree deliberated before the Council of Ministers. The CEO and Chairman of the Board must belong to a different language group. The CEO may only be dismissed by a Royal Decree delivered before the Council of Ministers.

#### **4.1.3. Remuneration**

The mutual rights and obligations, including the remuneration of the CEO, shall be determined in a special agreement between Proximus and the CEO. In the negotiation of this agreement, Proximus is represented by the other Board Members. The latter may, for this purpose, be represented by the Chairman of the Board. The Nomination and Remuneration Committee must be consulted.

## **4.2. Executive Committee**

The composition and powers of the Executive Committee are determined by the CEO.

The role of the Executive Committee is to support the CEO in the exercise of his powers and act as a team interested in all matters affecting the Proximus Group. Neither the Executive Committee nor any of its members (except the CEO) have any legal capacity to represent the Company or the Group, other than by virtue of specific powers of commitment granted by the CEO.

The current members of the Executive Committee are:

- ❑ the CEO;
- ❑ the Chief Financial Officer;
- ❑ the Chief Enterprise Market Officer;
- ❑ the Chief Consumer Market Officer;
- ❑ the Chief Human Resources Officer;
- ❑ the Chief Corporate Affairs Officer;
- ❑ the Chief Technology Officer;
- ❑ the Chief Customer Operations Officer.

## **5. Oversight and control**

### **5.1. Administrative oversight**

Proximus is subject to the scrutiny of the Minister that is competent for the Company. This oversight is exercised by a Government Commissioner, appointed and dismissed by the Crown.

The role of the Government Commissioner is to ensure compliance with the law, the Articles of Association and the Management Contract. He must ensure that Proximus' policy does not prejudice the performance of the company's public service obligations.

The Government Commissioner shall report to the Minister competent for the Company. He/she must report to the Budget Minister on any resolutions of the Board of Directors or of the Proximus Executive Committee that concern the general budget of Belgium.

The Government Commissioner shall be invited to all meetings of the Board of Directors and the Management Board, where he participates in an advisory capacity.

### **5.2. Financial supervision**

The auditing of the financial situation, the annual accounts and the regularity of the transactions to be recorded in the annual accounts is entrusted to a four-member panel of auditors. Two commissioners are appointed by the Court of Auditors. The others are appointed by the General Meeting from among the members of the Institute of Company Auditors.

## **Appendixes**

Appendix 1: Law of 21 March 1991 reforming certain public economic enterprises

Appendix 2: The Articles of Association

Appendix 3: Dealing code

Appendix 4: Charter of the Board of Directors

Appendix 5: Charter of the Audit and Compliance Committee

Appendix 6: Charter of the Nomination and Remuneration Committee

Appendix 7: Charter of the Strategic and Business Development Committee

Appendix 8: Related party transactions policy