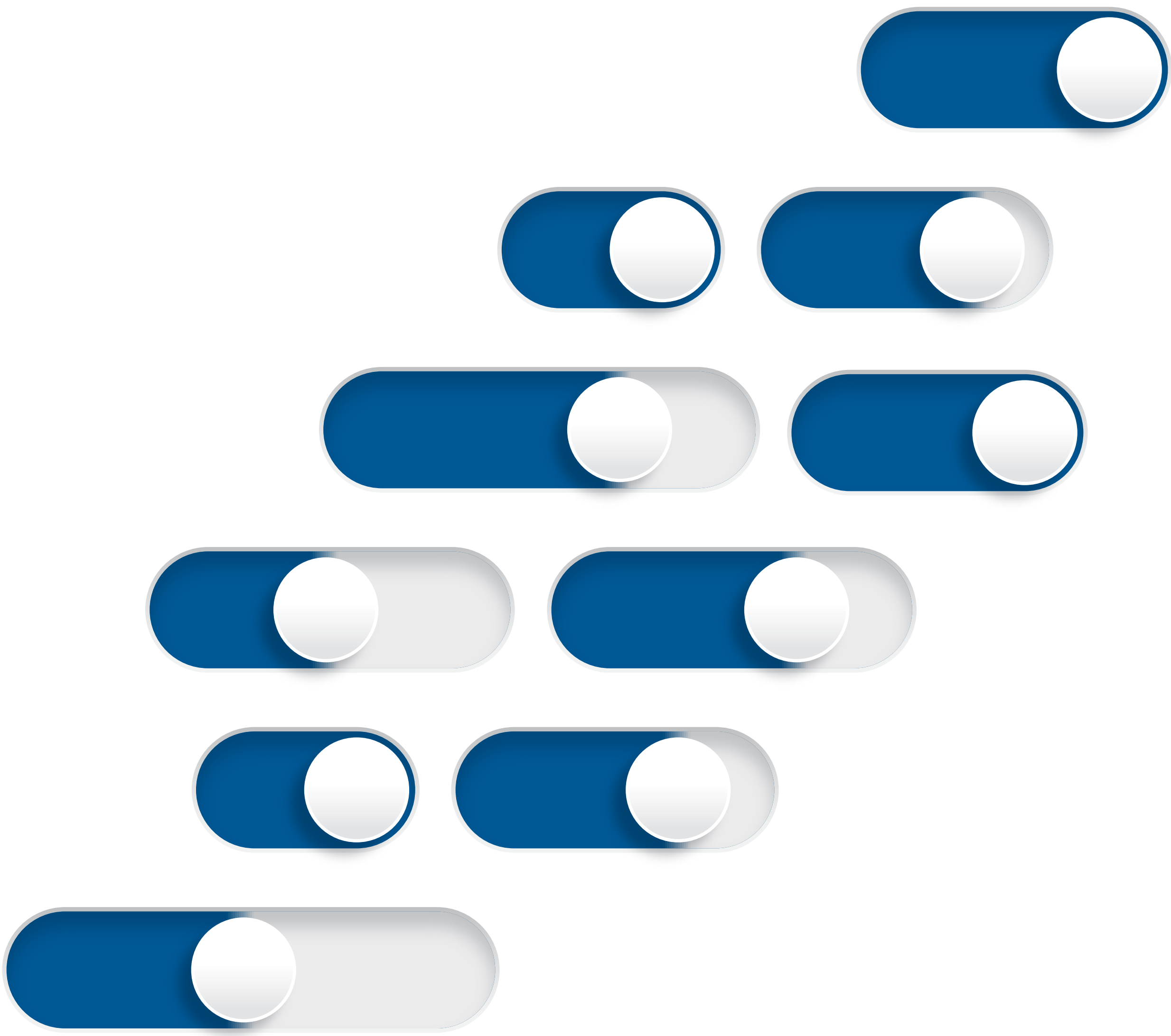
# Telco to Techco



2023 INTEGRATED ANNUAL REPORT

BCE

Bell is modernizing to a tech services and digital media leader. With the principles of low touch, low cost and simplification, our focus on operational transformation will speed up innovation and time to market. We're building resilient networks and embracing automation to offer even better products, services and customer experiences. All with a continuing commitment to corporate responsibility that helps create a better world, better communities and a better workplace.

# Table of contents

# About this report GRI 2-1, 2-2

This is our second Integrated annual report (referred to as "the report" or "this report"). In this report, "we", "us", "our", "BCE" and "the company" mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., Bell Canada, their subsidiaries, joint arrangements and associates. "Bell" means, as the context may require, either Bell Canada or, collectively, Bell Canada, its subsidiaries, joint arrangements and associates.

## Our approach to integrated reporting GRI 2-3

Since 1993, BCE has been publishing a Corporate Responsibility Report detailing our performance in managing environmental, social and governance (ESG) issues. In 2022, for the first time, we presented both our financial and non-financial performance in an Integrated annual report following the principles of the International Reporting Framework (the <IR> Framework), now part of the International Reporting Standards (IFRS) Foundation. With this, we became the first major North American communications company to issue an integrated report[(1)]. For more information on our corporate responsibility performance, visit bce.ca/responsibility or contact us at esg@bell.ca.

## Reporting structure and reporting period GRI 2-3

This report includes the Strategic overview, the 2023 annual Management's discussion and analysis (BCE 2023 Annual MD&A) and the audited consolidated financial statements for the year ended December 31, 2023 (BCE 2023 Annual financial statements) of BCE Inc. All amounts in this report are in millions of Canadian dollars, except where noted. This report is dated March 7, 2024.

— The Strategic overview on pages 6 to 68 of this Integrated annual report provides a summary of BCE's value creation model. This includes the strategy and performance highlights for the period from January 1 to December 31, 2023, as at December 31, 2023. There are topics with exceptions to this calendar-year timeframe. Energy consumption, greenhouse gas (GHG) emissions and supplier engagement performance are based on data from July 1 of the previous year to June 30 of the reporting year. Energy savings (including electric, hybrid and more fuel-efficient vehicles) and circular economy performance are based on data from October 1 of the previous year to September 30 of the reporting year. The Commission for Complaints for Telecom-television Services (CCTS) report is from August 1, 2022 to July 31, 2023. The Key Performance Indicator (KPI) for employee engagement is based on results from the Bell Team Survey which ran from September 11 to 26, 2023.

— The Strategic overview has been prepared based on the principles set out in the <IR> Framework. We believe this approach provides a useful basis for disclosing how we seek to create sustained value for our stakeholders over time. Integral to the <IR> Framework are the six forms of "capital" (Our networks, Our customers and relationships, Our products and services, Our environment, Our people and Our financial resources) that serve as inputs to value creation. BCE introduces its capitals within our value creation model (page 25) and references them using icons throughout the Strategic overview and the BCE 2023 Annual MD&A to demonstrate how each capital links to our strategy, value creation and risk management.

— Pages 72 to 169 of this Integrated annual report present the BCE 2023 Annual MD&A, which comments on our business operations, performance, financial position and other matters for the years ended December 31, 2023 and December 31, 2022.

— Pages 172 to 221 of this Integrated annual report present the BCE 2023 Annual financial statements comprised of the consolidated statements of the financial positions of BCE Inc. and its subsidiaries as at December 31, 2023 and December 31, 2022, the related consolidated income statements, statements of comprehensive income, changes in financial position, equity, cash flows and the related notes.

### Reporting criteria

The sustainability information included in this Integrated annual report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. These standards guide the identification of pertinent issues and their impact on both enterprise value, and on society and the environment. We also support the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, which are designed to help companies provide better information to support informed capital allocation. We provide a summary of our TCFD disclosures on pages 63 to 65 and we address the 11 TCFD recommendations in our 2023 BCE Climate action report. Furthermore, we measure and report on select Sustainability Accounting Standards Board (SASB) and Sustainable Development Goals (SDGs) metrics. As a signatory to the United Nations Global Compact (UNGC) since 2006, we report our progress in the areas of human rights, labour, environment and anti-corruption. This report describes the actions we have taken to implement the UNGC guidelines and principles, and serves as our Communication on Progress (COP). Bell is developing a roadmap to increase its alignment to the recently promulgated IFRS Sustainability Disclosure Standards in future reports.

(1) As of March 2, 2023, Bell's review of publicly available information for North American communications and telecommunications companies indicated Bell was the first of its North American communications and telecommunications competitors to publish an Integrated annual report based on the Integrated Reporting <IR> Framework.

Throughout the Strategic overview, visual indicator tags for GRI and SASB have been integrated to allow stakeholders to identify where information relating to specific disclosure standards is presented. In addition, we have provided indices (GRI, SASB, UNGC, SDG and World Economic Forum) detailing how we respond to each standard, which are available in our ESG data summary. Some metrics disclosed within the Strategic overview do not specifically align with the named reporting standards, but rather have been developed internally by Bell to communicate the value created for stakeholders through our progress on a number of ESG initiatives.

## Format

This Integrated annual report is available online in English and French. The PDF file is accessible on a standard computer screen, and by most screen readers used by the visually impaired. The document is also mobile-friendly. We strive to make information relevant to our target audiences accessible in this report and via hyperlinks to additional documents available on our website. To request this document in an alternative format, please send a request via this online form.

## ESG and sustainability data verification GRI 2-5

The content of the Strategic overview portion of our Integrated annual report and all referenced web pages and complementary reports have been reviewed and approved by Bell directors and vice presidents who are members of the Corporate Responsibility Board, which has the responsibility, among others, to embed corporate responsibility considerations into corporate and business unit strategies, in accordance with our Certification Procedures related to ESG Disclosures.

PricewaterhouseCoopers LLP (PwC) has performed a limited assurance engagement for select ESG metrics. The results are documented in a limited assurance statement available in the Responsibility section of our bce.ca website.

## Restated data GRI 2-4

### 2022 Network reliability

We restated the 2022 network reliability data to reflect a change on how we measure this metric (see Revised target below). The impact of this change is a 0.3 basis points of variation, from 99.9955% reported last year to 99.9952% based on 2023 methodology.

### 2022 Capital research and development expenditures

Our 2022 capital research and development (R&D) expenditure has been restated from $587M to $615M as costs in-scope were reassessed as part of ongoing Scientific Research and Experimental Development (SR&ED) activities.

### 2021 and 2022 e-waste recovery

Our 2021 and 2022 e-waste recovery data for mobile phones has been restated to include our Device Return Option collection stream. This will result in an increase of 620 mobile phones in 2021, and 17,436 mobile phones in 2022.

### 2020 to 2022 GHG emissions

Our 2020, 2021 and 2022 scope 3 emissions have been restated following a change in the calculation methodology. The previous database used for GHG emissions calculations from expenditures has been replaced by the factors in the U.S. CPE – US Environmentally-Extended Input-Output (USEEIO) model. This update affects categories 1, 2, 4 and 15 in scope 3. The impact of this recalculation is a decrease in upstream and downstream indirect emissions (scope 3) of 2.6% in 2020, 4.7% in 2021 and 3.4% in 2022.

### 2020, 2021 and 2022 lost time accident frequency rate

This year, we introduced improved reporting that enables us to capture only employee-worked hours, no longer including paid time off, in our frequency base. Although the change impacted our frequency rate for previous year results (from 1.11 to 1.20 (+8%) in 2022, from 1,10 to 1,24 (+13%) in 2021 and from 1.15 to 1.31 (+14%) in 2020), it more accurately reflects the injury rates of our employees while physically at work.

## Revised targets GRI 2-4

### Network reliability

Network reliability – Fibre-to-the-home (FTTH): Maintain network reliability above 99.99%. In 2022, the Network reliability metric was based on the entire Internet network (FTTH and N-FTTH). In 2023 the network KPI changed for FTTH only.

### Customer experience

We have moved from a target that aims to reduce the number of Bell complaints accepted by the CCTS, to a target that aims to reduce the overall percentage of Bell complaints to the CCTS.

### Hazardous waste

We aim to divert 100% of generated hazardous waste to certified recyclers by the end of 2024. Our target was originally to have this completed by the end of 2023, but we are now aiming to complete it in 2024.

### Gender diversity in executive representation

We maintain a target of 35% representation of gender diversity in executive positions. As of July 2023, we extended the date to achieve this goal to the end of 2025. Notably, we have successfully met our 2022 Catalyst Accord and 30% Club commitments[(1)], achieving over 30% representation. Given these accomplishments, we consider the target reasonable, and the revised timeline aligns with our broader commitment and strategy.

## New metrics and targets

### Our networks

Network coverage and accessibility – Wireline: Expand our pure fibre footprint to 8.3 million locations by the end of 2025.

(1) The Catalyst Accord 2022 calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business through these actions: Increase the average percentage of women on boards and women in executive positions in corporate Canada to 30% or greater by 2022.

## Explanation of certain climate-related terms, metrics and targets

### Greenhouse gas (GHG) emissions

The Intergovernmental Panel on Climate Change (IPCC) defines GHG as gases in the atmosphere that absorb and emit radiation at specific wavelengths. This causes an increase in temperature also known as the greenhouse effect. The main GHGs are carbon dioxide ($CO_2$), methane ($CH_4$) and nitrous oxide ($N_2O$), but there are other GHGs, such as sulphur hexafluoride ($SF_6$), hydrofluorocarbons (HFC), and perfluorocarbons (PFCs). The commonly used unit to measure GHG emissions is tonnes of $CO_2$ equivalent ($tCO_2e$). To calculate the GHG emissions in tCO2e, the individual Global Warming Potential (GWP) of GHG must be considered. All GHGs have different characteristics that give them a specific lifetime in the atmosphere and radiation absorption properties. The GWP examines these characteristics for the emission of a unit of each gas and compares it to the emission of a unit of $CO_2$. The larger the GWP, the more that a given gas warms the Earth compared to $CO_2$ within the same timeframe. The IPCC provides GWP values that are used across countries and industries in order to have a unified factor for GHG emissions accounting and comparison.

### Scope 1, 2 and 3 GHG emissions

Scope 1 emissions are direct GHG emissions from sources that are controlled by Bell. Scope 2 emissions are indirect GHG emissions associated with the consumption of purchased electricity, heating/cooling and steam required by Bell's activities. Scope 1 and 2 emissions are sometimes collectively referred to in this report as "operational emissions". Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions.

By definition, GHG emissions from scope 3 (upstream and downstream indirect emissions) occur from sources owned or controlled by other entities in Bell's value chain (such as our suppliers, employees and customers). As a result, measuring scope 3 emissions is more complex than measuring scope 1 and scope 2 emissions, for which we are able to obtain primary data (such as litres of fuel consumed within our vehicle fleet and kilowatt-hours of electricity consumed within our buildings). For scope 3 categories for which primary data is not available, we have to rely on secondary data (such as financial data and industry-average data from published databases). These data collection challenges contribute to uncertainty in scope 3 emissions measurement.

### Carbon abatement ratio

Many Bell technological solutions enable our customers to reduce their GHG emissions by optimizing transport, energy use and asset operations. Audio, video and web conferencing, teleworking, cloud computing, e-billing, e-learning, energy management, fleet management and tank monitoring are some examples. To understand the carbon abatement impact of our solutions we have worked with Groupe AGECO, a third-party consultant with expertise in GHG emissions quantification, to develop a methodology that estimates the carbon reduction capacity of our products and services used by our customers. These estimated benefits are calculated using the carbon abatement ratio, which represents the GHG emissions estimated to have been avoided by Bell's clients through the use of our technological solutions in comparison to our own operational (scope 1 and 2) GHG emissions. To do so, GHG emissions are estimated in a business-as-usual case where carbon reduction technology is not used compared to the case where Bell's solutions are used. The avoided GHG emissions correspond to the difference between the emissions estimated to have been generated in a business-as-usual case compared to the case where Bell's technological solutions are used. The emissions generated by Bell in providing solutions to customers are not deducted from the total carbon abatement of solutions, but are included in our operational emissions. Only the benefits resulting from technologies deployed to Bell's clients are considered, i.e., environmental benefits associated with solutions implemented within Bell's own operations are not included. An example of how the calculations were made is provided below:

| | |
|---|---|
| **Business-as-usual scenario** | Physical meeting in one room between two or more participants, including the transportation to the meeting location |
| **Bell's solution** | Virtual meeting through a cloud-hosted platform with integrated video and audio conferencing, online presentations, shared applications and group document editing. Users can share their entire or part of their desktop, or a specific application with a small group of people |
| **Carbon abatement** | GHG emissions avoided from business travel for a meeting due to the use of Bell's web conferencing solution |

The calculation method of the carbon abatement ratio is based on existing methodologies developed in the Information and Communications Technology (ICT) sector. The calculation, as shown below, is based on assumptions that are dependent on customers' behaviour over which Bell has no control.

$$\text{Carbon abatement ratio} = \frac{\text{GHG emissions (business as usual case)} - \text{GHG emissions (using Bell's solutions case)}}{\text{Bell's total operational GHG emissions (scope 1 \& 2)}}$$

## Carbon neutrality

We will measure our carbon neutrality performance based on our operational GHG emissions (scope 1 and scope 2 emissions in tonnes of $CO_2e$) minus GHG emissions offset by carbon credits purchased (in tonnes of $CO_2e$). To be carbon neutral, the total must be equal to zero or lower.

In order to achieve our target of carbon neutral operations starting in 2025, we expect that we will need to purchase a significant amount of carbon credits to offset our scope 1 and 2 GHG emissions that will not have been avoided by internal initiatives, in addition to renewable energy certificates (RECs) to reduce our scope 2 emissions. In 2023, our scope 1 and 2 emissions represented 12% of our total carbon footprint. Our target for carbon neutral operations excludes our scope 3 emissions which represented 88% of our carbon footprint in 2023.

## Science-based targets

Science-based targets provide a clearly-defined pathway for companies to reduce GHG emissions, aiming to prevent the worst impacts of climate change. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. The Science Based Targets initiative (SBTi) brings together a team of experts to provide companies with independent assessment and validation of targets.

The SBTi has approved our three science-based targets in 2022:

— Reduce our absolute operational GHG emissions (scope 1 and 2) 58% by 2030, from a 2020 baseline year – in line with a 1.5°C trajectory.

— Reach 64% of our suppliers by spend covering purchased goods and services with science-based targets by 2026.

— Reduce our absolute scope 3 GHG emissions from all categories other than purchased goods and services 42% by 2030, from a 2020 baseline year[1].

In 2022, we recalculated our science-based target for our scope 1 and 2 GHG emissions to reflect restated GHG emissions for our 2020 base year. The impact of this recalculation is a targeted reduction of our absolute scope 1 and 2 GHG emissions of 58% instead of 57% by 2030, from a 2020 baseline year. This recalculation does not impact our other science-based targets covering scope 3 GHG emissions. The recalculated target was submitted to the SBTi for approval on October 20, 2023, with an approval expected in 2024.

Our science-based targets may need to be further adjusted in the future because the SBTi requires that targets be recalculated (following the most recent applicable SBTi criteria and recommendations) at a minimum every five years, or more often if significant changes occur (e.g., business acquisitions/divestitures).

## Net zero target

BCE's carbon neutrality is different than, and independent of, the SBTi's net zero target. Net zero refers to the state in which an organization reduces GHG emissions in its entire value chain (i.e., scope 1, 2 and 3 GHG emissions) to as close to zero as possible (with a minimum reduction of at least 90%) and neutralizes[2] any remaining emissions such that its net global GHG emissions balance to zero. At the moment, BCE does not have a net zero target.

(1) Scope 3 categories covered by this target exclude indirect scope 3 GHG emissions from our purchased goods and services which represented 66% of our carbon footprint in 2023, and include GHG emissions from capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, franchises and investments.

(2) According to SBTi, neutralize means that carbon is removed from the atmosphere and permanently stored in geological, terrestrial, or ocean reservoirs, or in products.

# Strategic overview

## Caution regarding forward-looking statements

This Strategic overview contains forward-looking statements including, without limitation, statements relating to BCE's dividend growth objective, 2024 annualized common share dividend and dividend payout ratio level, and dividend payout policy target, BCE's anticipated capital expenditures, network deployment plans and the benefits expected to result therefrom, our transformation initiatives and restructuring and the benefits expected to result therefrom, our ESG objectives and the benefits expected to result therefrom (which include, without limitation, our objectives concerning diversity, equity, inclusion and belonging (DEIB), customer experience, energy savings, circular economy and waste reduction, community investment, privacy and information security, network reliability, corporate governance and ethical business conduct leadership, reductions in the level of our GHG emissions including, without limitation, our carbon neutrality (scope 1 and 2 only) target and our science-based targets, and our carbon abatement objectives), the expected impacts on our company of various climate-related events, business opportunities that could result from climate change, BCE's business outlook, objectives, plans and strategic priorities, and other statements that do not refer to historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target, commitment and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the safe harbour provisions of applicable Canadian securities laws and of the United States (U.S.) Private Securities Litigation Reform Act of 1995.

Unless otherwise indicated by us, forward-looking statements in this Strategic overview describe our expectations as at March 7, 2024 and, accordingly, are subject to change after that date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this Strategic overview for the purpose of assisting readers in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

We have made certain economic, market, operational and other assumptions in preparing the forward-looking statements contained in this Strategic overview, which include, without limitation, the assumptions described in this cautionary statement as well as in the subsections of the BCE 2023 Annual MD&A entitled Assumptions, which subsections are incorporated by reference in this cautionary statement. Subject to various factors, we believe that our assumptions were reasonable at March 7, 2024. If our assumptions turn out to be inaccurate, actual results or events could be materially different from what we expect.

Important risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements and other forward-looking statements contained in this Strategic overview, include, but are not limited to, the risks described in this Strategic Overview as well as in section 9, Business risks of the BCE 2023 Annual MD&A, which section is incorporated by reference in this cautionary statement.

Forward-looking statements contained in this Strategic overview for periods beyond 2024 involve longer-term assumptions and estimates than forward-looking statements for 2024 and are consequently subject to greater uncertainty. They assume, unless otherwise indicated, that the relevant assumptions and risks described in the BCE 2023 Annual MD&A will remain substantially unchanged during such periods.

We caution readers that the risk factors described in the previously-mentioned section and in other sections of the BCE 2023 Annual MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, liquidity, financial results or reputation. We regularly consider potential acquisitions, dispositions, mergers, business combinations, investments, monetizations, joint ventures and other transactions, some of which may be significant. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any such transactions or of special items that may be announced or that may occur after March 7, 2024. The financial impact of these transactions and special items can be complex and depends on facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

### Assumptions and risk factors relating to GHG emissions reduction and supplier engagement targets

Our GHG emissions reduction and supplier engagement targets are based on a number of assumptions including, without limitation, the following principal assumptions:

— Our ability to purchase a significant amount of high-quality credible carbon credits and/or renewable energy certificates (RECs) to offset or reduce, as applicable, our GHG emissions

— The carbon offset will be permanent and will not be reversed, in whole or in part, prior to the date of our targets

— The successful and timely implementation of various corporate and business initiatives to reduce our electricity and fuel consumption, as well as reduce other direct and indirect GHG emissions enablers

— No new corporate initiatives, business acquisitions, business divestitures or technologies that would materially change our anticipated levels of GHG emissions

— No negative impact on the calculation of our GHG emissions from refinements in or modifications to international standards or the methodology we use for the calculation of such GHG emissions

— No required changes to our science-based targets pursuant to the SBTi methodology that would make the achievement of our science-based targets, as updated from time to time, more onerous or unachievable in light of business requirements

— Sufficient supplier engagement and collaboration in setting their own science-based targets, no significant change in the allocation of our spend by supplier and sufficient engagement and collaboration from the other participants across our whole value chain in reducing their own GHG emissions

The achievement of our carbon neutrality target (which includes only our operational GHG emissions (scope 1 and 2) and excludes scope 3 GHG emissions) will require that we purchase a significant quantity of carbon credits and/or RECs. Should a sufficient quantity of high-quality credible carbon credits and/or RECs be unavailable, should their cost of acquisition be considered too onerous, should laws, regulations, applicable standards, public perception or other factors limit the number of carbon credits or RECs that we can purchase, should any purchased carbon credits be subject to reversal, in whole or in part, or should the carbon offsets not materialize, the achievement of carbon neutrality target could be negatively impacted.

The achievement of our science-based target related to our scope 1 and 2 GHG emissions will require that we purchase a significant quantity of RECs. To achieve this science-based target, only RECs will be considered given that the SBTi standards do not enable carbon credits to be used for this target. Should a sufficient quantity of acceptable (according to the SBTi guidelines) RECs be unavailable, should their cost of acquisition be considered too onerous, or should laws, regulations, applicable standards, public perception or other factors limit the number of RECs that we can purchase, in whole or in part, the achievement of our science-based target related to our scope 1 and 2 GHG emissions could be negatively impacted.

A portion of our GHG emissions reduction targets also depend on our ability to implement sufficient corporate and business initiatives in order to reduce GHG emissions to the desired levels. Failure to implement such initiatives according to planned schedules due to changes in business plans, our inability to implement requisite operational or technological changes, unavailability of capital, technologies, equipment or employees, cost allocations, actual costs exceeding anticipated costs, or other factors, or the failure of such initiatives, including of new technologies, to generate anticipated GHG emissions reductions, could negatively affect our ability to achieve our GHG emissions reduction targets. In addition, future corporate initiatives, such as business acquisitions and organic growth, could negatively affect our ability to achieve our targets, as would the adoption of new technologies that are carbon enablers or do not generate the anticipated energy savings.

A refinement in or modifications to international standards or to the methodology we use for the calculation of GHG emissions that would result in an increase in our GHG emissions could further impact our ability to achieve our targets. In addition, as it relates to our science-based targets specifically, the SBTi requires the recalculation of our targets upon the occurrence of certain events, such as business acquisitions or divestitures, or to conform to evolving SBTi methodology or standards. A recalculation resulting in the introduction of more ambitious targets could challenge our ability to achieve such updated targets.

The achievement of our science-based target relating to the level of our suppliers by spend covering purchased goods and services that have adopted science-based targets could be negatively impacted should we fail to achieve the required level of engagement and collaboration from our suppliers over which we have no control, despite the engagement measures that we may implement, or should we change significantly the allocation of our spend by supplier.

In addition, we have much less influence over the reduction of our scope 3 GHG emissions than over our scope 1 and scope 2 GHG emissions given that we must rely on the engagement and collaboration of our suppliers and other participants in our value chain in reducing their own GHG emissions. Accordingly, failure to obtain our suppliers' and other participants' engagement and collaboration could adversely affect our ability to meet our scope 3 GHG emissions reduction target.

# Who we are GRI 2-6

## Purpose and strategic imperatives

Bell's purpose is to advance how Canadians connect with each other and the world.

As Canada's largest communications company[(1)] we strive to create better customer experiences and make a positive difference for all Bell stakeholders. We are proud to provide a wide range of reliable and innovative communications and digital solutions that intersect with our customers' daily lives – all powered by our world-class fibre and wireless networks.

By increasing the capacity and resiliency of our networks and delivering next-generation, future-ready communications technology, we keep Canadians connected, informed, and entertained while enabling businesses to compete on the world stage.

By working together, we are striving to build a sustainable future for our common benefit, guided by our six strategic imperatives.

### Strategic imperatives

#### Build the best networks

Continuing to enhance our key competitive advantage with a focus on delivering leading broadband fibre and wireless networks in locations large and small.

#### Drive growth with innovative services

Leveraging our leading network technologies to provide truly differentiated communications services to Canadians and drive revenue growth.

#### Deliver the most compelling content

Taking a unified approach across our media and distribution assets to deliver the content Canadians want the most.

#### Champion customer experience

Making it easier for customers to do business with Bell at every step, from sales to installation, to ongoing support.

#### Operate with agility and cost efficiency

Underscoring our focus on operational excellence and cost discipline throughout every part of our business.

#### Engage and invest in our people and create a sustainable future

Strengthening our inclusive workplace culture, recognizing that Bell's success requires a dynamic and engaged team that is committed to the highest ESG standards.

**To learn more** about our strategic imperatives and our progress to date, see section 2, Strategic imperatives in the BCE 2023 Annual MD&A.

(1) Based on total revenue and total combined customer connections.

# Bell for Better

We believe our passion and the way we invest our time and money is making a positive difference. With a focus on communications, information, entertainment, and innovation, we strive to make an impact.

We look to create a thriving, prosperous and more connected world by investing in our networks – the backbone of today's digital economy – and offering our advanced fibre and wireless networks to Canadians in locations large and small, from remote communities to the largest cities.

Aligned with these objectives, we have a year-round focus on mental health initiatives through Bell Let's Talk, along with our environmental sustainability programs, and a workforce engaged in the communities where they live and work.

We align our ESG practices to support our purpose to advance how Canadians connect with each other and the world.

### Better world

We are investing in a better tomorrow by striving to minimize our environmental footprint and working to achieve science-based environmental targets. As we pursue our purpose, our efforts and the products and services we offer help increase accessibility for all and strengthen privacy safeguards.

### Better communities

GRI 203-1

Because we invest locally, we help strengthen communities across the country and contribute to Canada's prosperity. This includes our deployment of reliable advanced broadband and wireless networks, and delivery of relevant and timely local news and entertainment coverage across Bell Media radio and television stations. Launched in 2010, Bell Let's Talk continues to drive positive change in mental health.

### Better workplace

As one of Canada's largest employers, we support diversity, equity, inclusion and belonging (DEIB) in our workforce and promote a continuous growth mindset. Our award-winning programs and recognition culture aim to celebrate the accomplishments of our team members and increase employee engagement.

**To learn more** about the Bell for Better program and updates on our initiatives, visit the Bell for Better website.

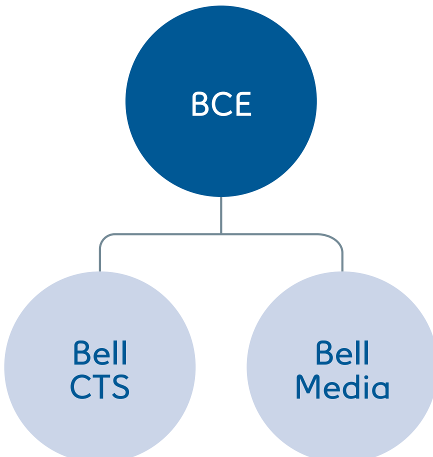
# Organizational overview GRI 2-1, 2-6

BCE is Canada's largest communications company[1], providing advanced Bell broadband Internet, wireless, TV, media and business communications services to residential, business and wholesale customers for all their communications needs. BCE's shares are publicly traded on the Toronto Stock Exchange and on the New York Stock Exchange (TSX, NYSE: BCE). We are headquartered in Montréal, Québec, Canada.

Our results are reported in two segments: Bell Communication and Technology Services (CTS) and Bell Media.

### BCE's business segments

At December 31, 2023




Bell CTS provides a wide range of communication products and services to consumers, businesses and government customers across Canada. Wireless products and services include mobile data and voice plans and devices and are available nationally. Wireline products and services comprise data (including Internet access, Internet protocol television (IPTV), cloud-based services and business solutions), voice, and other communication services and products, which are available to our residential, small and medium-sized business and large enterprise customers primarily in Ontario, Québec, the Atlantic provinces and Manitoba, while satellite TV service and connectivity to business customers are available nationally across Canada. In addition, this segment includes our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers, as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Subsequent to year end, Bell Canada announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In addition, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

Bell Media provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) and advanced advertising services to customers nationally across Canada. Revenues are derived primarily from advertising and subscriber fees.

## Leading the way in broadband and media innovation

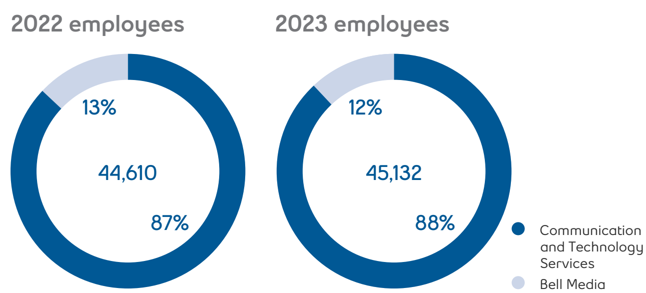
Bell leverages the power of our world-class fibre and wireless networks to deliver a wide range of innovative products and services to consumers, businesses and government customers across Canada. These include mobile data and voice plans for our 4G LTE, 5G and 5G+ wireless networks, Fibe Internet and TV, Wireless Home Internet, residential and business voice services, cloud-based services, security solutions, IoT and other business solutions.

Bell Media is Canada's leading content creation company[2] with premier assets in television, radio, OOH and digital media. Bell Media partners with advertisers to help connect brands to consumers through video, audio, OOH and digital platforms, as well as through our advanced advertising technology products.

## Ethical values supporting a healthy and fulfilling workplace GRI 2-7

Bell is committed to fostering a healthy work environment where every employee has opportunities to grow, make an impact and feel like they belong. Our employees are bound by Bell's Code of Business Conduct, which outlines the core values and standards that team members are expected to uphold and commit to on an annual basis.

At the end of 2023, our team consisted of 45,132 employees, an increase of 522 employees, compared to the 44,610 employees at the end of 2022, attributable to the acquisitions of three subsidiary companies and external hires. In February 2024, Bell announced a reduction of 4,800 positions across all levels of the company, representing 9% of BCE's total workforce. These numbers will be reflected in the 2024 Integrated annual report.




BCE's Board and management believe that strong corporate governance practices contribute to superior results in creating and maintaining shareholder value. That is why we continually seek to strengthen our leadership in corporate governance and ethical business conduct by adopting best practices and providing full transparency and accountability to our shareholders. The Board is responsible for the supervision of the business and affairs of the Corporation.

(1) Based on total revenue and total combined customer connections.

(2) CRTC statistical analysis released annually confirms high levels of investment in Canadian content by Bell Media, including Canadian Programming Expenditures (CPE) and Canadian Content Development (CCD) expenditures, including in the most recent analysis.

# BCE 2023 at a glance

## Our networks

**99.9952%**
Maintained a network reliability level of 99.9952% during the year(1)

**86%**
5G network covers 86% of the Canadian population(1)

**633,000**
We expanded our pure fibre network to an additional 633,000 homes and businesses in 2023(1)

**142%**
This year, we observed a 142% increase in reported phishing simulations from fully trained employees

## Our customers and relationships

**MyBell**
MyBell app named the Best Telecommunication Mobile app 6 consecutive years(2)

**-6%**
Decrease in industry share of complaints accepted by the Commission for Complaints for Telecom-television Services

**$155M**
Bell expects to reach its total current commitment of $155 million to Canadian mental health by 2025

**$70M**
Spent $70M with certified diverse suppliers

## Our products and services

**$684M**
Approximate amount invested in research and development in capital expenditures in 2023

**5.2x**
Bell technologies enable GHG abatement that is 5.2 times Bell's operational GHG emissions(3)(5)

**38,400+**
Hours of original content produced in 2023

**45%**
of all English-language entertainment programs commissioned are led by BIPOC or creatives from other equity-seeking communities

## Our environment

**Science-based targets**
Scope 1, 2 and 3 science-based targets by 2026 and 2030 approved by SBTi(3)

**Carbon neutral**
Carbon neutral operations (scope 1 and 2 only) starting in 2025(3)

**2,953,523**
E-waste customer devices recovered in 2023(1)

**ISO 14001 & 50001**
Environmental & Energy Management Systems ISO-certified

## Our people

**Top 100 employer**
Recognized as one of Canada's Top 100 Employers for the 9th year in a row(4)

**Awarded the Excellence Canada: Order of Excellence**
for Mental Health at Work for workplace mental health program and results(6)

**66% Black, Indigenous and Persons of Colour (BIPOC)**
representation among new grad and intern hires(1)(8)

**73%**
Overall team member engagement score(1)

## Our financial resources

**$2.3B**
Added sustainability-linked pricing to $2.3B securitization program and entered into our first sustainability-linked derivatives

**29.5%**
Shareholder return from 2019 to 2023(7)

**3.1%**
Common share dividend increase for 2024

**$5.8B**
BCE's balance sheet is supported by a healthy available liquidity position of $5.8 billion at the end of 2023(9)

(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

(2) In August 2023, Bell Canada's "MyBell App" was recognized as Best Telecommunication Mobile Application at the MobileWebAwards, hosted by the Web Marketing Association (WMA). This award recognizes the individual and team achievements of web professionals all over the world who create and maintain outstanding mobile websites and mobile applications.

(3) For more information on these targets and metrics, including related risks and assumptions, please refer to "About this report" and to the sections of this Strategic overview entitled "Caution regarding forward-looking statements", "Our products and services – Contributing to a better world through our products and services" and "Our environment – Climate change".

(4) Bell was recognized as one of "Canada's Top 100 Employers" in the years 2016 to 2024 by Canada's Top 100 Employers, an editorial competition organized by Mediacorp Canada Inc., a publisher of employment periodicals. Winners are evaluated and selected based on their industry leadership in offering exceptional workplaces for their employees. Employers are compared to others in their field to determine which offers the most progressive and forward-thinking programs.

(5) The quantification of Bell's carbon abatement ratio is based on 2020 data.

(6) Excellence Canada, an independent not-for-profit corporation dedicated to advancing organizational performance across Canada, awarded Bell Canada the Order of Excellence for Mental Health at Work. This certification recognizes Bell's mental health at work best practices, benchmarked against world-class organizations, and the demonstrated impact of Bell's mental health focus over several years.

(7) Shareholder return is defined as the change in BCE's common share price for a specified period plus BCE common share dividends reinvested, divided by BCE's common share price at the beginning of the period.

(8) 2023 BIPOC representation data for new grads and intern hires includes self-identification questionnaire data and recruitment diversity data.

(9) Available liquidity is a non-GAAP financial measure. It does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Refer to section 11, Non-GAAP financial measures, other financial measures and key performance indicators (KPIs) of the BCE 2023 Annual MD&A for more information on this measure, including a reconciliation of available liquidity to cash as the most directly comparable IFRS financial measure.

# Leadership and recognition

## Leadership

At BCE, we believe that adhering to recognized frameworks helps our stakeholders better understand our efforts. The following are the frameworks and standards we follow or support, as well as some indices in which we are listed.

### United Nations Global Compact (UNGC)

BBCE has been a signatory of the UNGC since 2006, embracing the 10 principles around Human Rights, Labour, Environment and Anti-Corruption.

**To learn more**, see our ESG data summary.

### Global Reporting Initiative (GRI)

We have reported according to the GRI since 2012.

**To learn more**, see our ESG data summary.

### Sustainability Accounting Standards Board (SASB)

We have reported according to the SASB since 2017.

**To learn more**, see our ESG data summary.

### United Nations Sustainable Development Goals (UNSDG)

We have been reporting on the UNSDG since 2015.

**To learn more**, see our ESG data summary.

### International Sustainability Standards Board (ISSB)

We support the ISSB and we are part of the International Financial Reporting Standards (IFRS) Sustainability Alliance, which supports the ISSB.

### Integrated Reporting Framework (<IR>)

We follow the key principles of the (<IR>) Framework through our Integrated annual report by actioning on our value creation model and capitals that drive value for all stakeholders.

### Certified ISO 14001 for our Environmental Management System

Certified ISO 14001 for our Environmental Management System since 2009, the 15th consecutive year, and the first communications company in North America to be certified[1].

### Certified ISO 50001 for our Energy Management System

Certified ISO 50001 for our Energy Management System since 2020, the fourth consecutive year, and the first communications company in North America to be certified[2].

### Certified ISO 9001 for our Project Management

Certified ISO 9001 for our Project Management within our domains of Telecommunications, Information Technology and other Emerging Technologies since 2000.

### Science-Based Targets

We have three SBTi-approved science-based targets to reduce our greenhouse gas emissions.

**To learn more**, see our Climate Change section in this Strategic overview[3].

(1) Our ISO 14001 certification covers Bell Canada's oversight of the environmental management system associated with the development of policies and procedures for the delivery of landline, wireless, TV and Internet services, broadband and connectivity services, data hosting, cloud computing, radio broadcasting and digital media services, along with related administrative functions.

(2) Our ISO 50001 certification covers Bell Canada's energy management program associated with the activities of real estate management services, fleet services, radio broadcasting and digital media services, landline, wireless, TV and Internet services, connectivity, broadband services, data hosting and cloud computing, in addition to related general administrative functions. Bell is the first communications company to be certified in North America.

(3) The Science-Based Targets initiative (SBTi) has approved our three science-based targets in 2022. On October 20, 2023 we submitted our recalculated target for scope 1 and 2 for reapproval.

### Task Force on Climate-related Financial Disclosures (TCFD)

We have reported on the TCFD since 2020.

**To learn more**, see our Climate-related risks and opportunities disclosures summary in this Strategic overview and our Climate action report.

### Certified ISO and International Electrotechnical Commission (IEC) 27001

Certified ISO and International Electrotechnical Commission (IEC) 27001

Certified ISO and IEC 27001 for our information security management in our residential subsidiary operations, Bell Technical Solutions, since 2019.

### FTSE4Good Index Series

BCE is a constituent company in the FTSE4Good Index Series, which is designed to identify companies that demonstrate strong ESG practices measured against globally-recognized standards.

### Institutional Shareholder Services (ISS) ESG Prime

As of February 2024, BCE is rated as Prime according to ISS. Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. The ISS ESG Prime logo serves as an indicator of the quality of a company's performance in the area of corporate responsibility.

### Jantzi Social Index (JSI)

BCE is a constituent of the JSI, which was launched in partnership with Dow Jones Indices. It is a socially screened, market capitalization-weighted common stock index modeled on the S&P/TSX 60 consisting of 50 Canadian companies that pass a broad set of ESG criteria.

### Euronext Vigeo World 120 index

BCE is a constituent of the Euronext Vigeo World 120 index. This index was developed by Euronext and composed of the top 120 companies recognized for their outstanding ESG practices, selected from among the largest 1,500 companies in terms of market capitalization that are headquartered in Europe, the U.S., or the Asia-Pacific region.

**To learn more** about our partnerships in corporate responsibility, see our complementary report Our corporate responsibility approach.

# Recognition

We were recognized by a variety of organizations for our initiatives in 2023:

### Ookla Speedtest Awards: Canada's fastest Internet and Wi-Fi

Bell pure fibre was awarded Canada's fastest Internet and ranked fastest Wi-Fi in Ookla's Speedtest Awards reports for Q1-Q2 and Q3-Q4 2023.

### BrandSpark: Canada's Most Trusted High Speed Internet Service Provider

Voted most trusted High Speed Internet Provider brand by Canadian shoppers based on the 2023 BrandSpark Canadian Trust Study.

### Global Wireless Solutions (GWS): Canada's best and fastest 5G network

For the second time in a row, Ookla ranked Bell's pure fibre as Canada's fastest Internet and Wi-Fi, and for the third year in a row, GWS ranked Bell's 5G as Canada's fastest and best 5G network. New this year, GWS measured Canada's national 5G networks with 3500 MHz wireless spectrum, confirming that Bell's 5G+ network is Canada's fastest and best. GWS conducts the most comprehensive drive test of wireless networks in Canada and reconfirmed that Bell's network outperforms all other national wireless networks.

### Webby People's Voice Award – MyBell App

The MyBell, Virgin Plus My Account and Lucky Mobile MyAccount mobile apps won a number of awards in 2023. This includes the prestigious Webby People's Voice Award for the MyBell app. The MyBell app was recognized from among nearly 14,000 entries from over 70 countries, captivating users and industry experts with its unique combination of innovative self-serve tools, such as machine learning-based Virtual Repair and Wi-Fi Checkup, along with sales and account management capabilities.

### Canada's Top 100 Corporate R&D Spenders

Research InfoSource Inc., an independent R&D analyst firm, ranked Bell 7th on its 2023 list of Canada's top 100 investors in research and development based on dollars invested for 2022.

### Corporate Knights: Canada's Best 50 corporate citizens of 2023 – Rank 20

In June 2023, Corporate Knights, a sustainable-economy media and research company, ranked BCE 20th in Canada overall, on its Best 50 Corporate Citizens list. The annual Corporate Knights ranking evaluated 332 of the largest Canadian companies on a set of 25 ESG indicators to single out the Best 50 that Corporate Knights considers "the vanguard of corporate sustainability leadership in Canada."

### Corporate Knights: Global 100 2024 – Rank 51

In January 2024, Corporate Knights ranked BCE 51st overall, and first in our sector and industry, in its 2024 ranking of the World's 100 Most Sustainable Corporations. The ranking is based on an assessment of more than 6,000 public companies with revenue over US$1 billion. All companies are scored on applicable metrics relative to their peers, with 50% of the weight assigned to sustainable revenue and sustainable investment.

### Corporate Knights: Clean200 – Rank 65

In February 2023, Corporate Knights and As You Sow ranked Bell 65th on 2023 annual Clean200 list, ahead of our Canadian telecom competitors. The ranking is based on an assessment of more than 6,200 global firms which are evaluated based on their clean revenues and screened against social and environmental criteria. The Clean200 list highlights companies that are leading the energy transition, and place sustainability at the core of their business.

### CDP: within "Leadership Band" for 8th year in a row (A- score)

In 2023, Bell obtained an A- score from the CDP (formerly known as the Climate Disclosure Project), ranking us in the "Leadership Band" for the eighth consecutive year. CDP thus recognizes our leadership on climate action, our alignment with current best practices and the transparency of our climate-related disclosures. CDP is a non-profit organization that gathers information on climate-related risks and opportunities from organizations worldwide.

### Clean50: Top Projects 2024

Bell's halocarbon free, energy-efficient computer room cooling project was named a 2024 Clean50 Top Project award winner. The Clean50 Top Projects awards are primarily managed by Delta Management Group. The awards annually recognize projects completed in the prior two years based on their innovation, and their ability to inform and inspire Canadians.

### Excellence Canada: Order of Excellence for Mental Health at Work

In December 2022, Excellence Canada, an independent not-for-profit corporation dedicated to advancing organizational performance across Canada, awarded Bell Canada the Order of Excellence for Mental Health at Work. This certification, issued every two years, recognizes Bell's mental health at work best practices, benchmarked against world-class organizations, and the demonstrated impact of Bell's mental health focus over several years.

### Canada's Top 100 Employers for 9th year in a row

Bell was recognized as one of "Canada's Top 100 Employers" in the years 2016 to 2024 by Canada's Top 100 Employers, an editorial competition organized by Mediacorp Canada Inc., a publisher of employment periodicals. Winners are evaluated and selected based on their industry leadership in offering exceptional workplaces for their employees. Employers are compared to others in their field to determine which offers the most progressive and forward-thinking programs.

### Canada's Top Family-Friendly Employers for 5th year in a row

Bell was recognized as one of "Canada's Top Family-Friendly Employers" in the years 2020 to 2024 by Canada's Top 100 Employers. Winners are evaluated and selected based on the programs and initiatives offered to help employees balance work and family commitments, when compared to other employers in the same field.

### Montréal's Top Employers for 12th year in a row

Bell was recognized as one of "Montréal's Top Employers" in the years 2013 to 2024 by Canada's Top 100 Employers. Winners are evaluated and selected based on progressive and forward-thinking programs offered in a variety of areas, when compared to other organizations in the same field.

### Bell Technical Solutions receives 2023 Employment Equity Achievement Award – Recognized for leadership in equity and diversity

Bell Technical Solutions (BTS) was recognized by the Minister of Labour and Seniors for its Outstanding Commitment to Employment Equity as part of the 2023 Employment Equity Achievement Awards. The award honours companies that have demonstrated leadership in the implementation of their equity plans to remove employment barriers, as well as adopt special measures and accommodations to correct underrepresentation of people in designated groups.

### Canada's Top Employers for Young People for 7th year in a row

Bell was recognized as one of "Canada's Top Employers for Young People" in the years 2018 to 2024 by Canada's Top 100 Employers. Winners are evaluated and selected based on the programs offered to attract and retain young employees, when compared to other employers in the same field.

### Canada's Greenest Employers for 7th year in a row

Bell was recognized as one of "Canada's Greenest Employers" in the years 2017 to 2023 by Canada's Top 100 Employers. Winners are evaluated and selected based on the development of sustainability initiatives and environmental leadership, when compared to other employers in the same field.

### WBE Canada's 2023 Top Corporation in Supplier Diversity

In November 2023, Bell was recognized as one of the top corporations in supplier diversity by the Women Business Enterprises Canada Council (WBE Canada). The award honours companies that have created opportunities for Women Business Enterprises (WBEs) in their supply chains and are helping drive Canada's economic recovery and growth.

# Our financial performance

## Financial and operational highlights

The Bell team provided communications technologies in 2023 that enhanced the connectivity of Canadians. These connections form the foundation for BCE's long-term success.

**7.4%**
Dividend yield in 2023[(1)]

**3.1%**
Increase in dividend per common share for 2024

**16**
Consecutive years of dividend growth

| 2023 financial performance | Actual | Target |
|---|---|---|
| Revenue growth† | 2.1% | 1% to 5% |
| Adjusted EBITDA[(2)] growth† | 2.1% | 2% to 5% |
| Net earnings growth† | (20.5%) | Not applicable |
| Capital intensity[(3)] | 18.6% | 19% to 20% |
| Net earnings per share (EPS) growth† | (23.5%) | Not applicable |
| Adjusted net earnings per share (adjusted EPS)[(2)] growth† | (4.2%) | (7%) to (3%) |
| Cash flows from operating activities growth† | (5.0%) | Not applicable |
| Free cash flow[(2)] growth† | 2.5% | 2% to 10% |

† Compared to 2022.

(1) Annualized dividend per BCE common share divided by BCE's share price at the end of the year.

(2) Adjusted EBITDA is a total of segments measure, adjusted EPS is a non-GAAP ratio and free cash flow is a non-GAAP financial measure. These financial measures do not have any standardized meaning under International Financial Reporting Standards (IFRS). Therefore, they are unlikely to be comparable to similar measures presented by other issuers. We define adjusted EPS as adjusted net earnings per BCE common share. Refer to section 11, Non-GAAP financial measures, other financial measures and key performance indicators (KPIs) of the BCE 2023 Annual MD&A for more information on these measures including, in the case of adjusted EBITDA, a reconciliation to net earnings as being the most directly comparable IFRS financial measure and for free cash flow, a reconciliation to cash flows from operating activities as being the most directly comparable IFRS financial measure.

(3) Capital intensity is defined as capital expenditures divided by operating revenues.

## Connecting Canadians with advanced technology services and media

Bell team members continue to champion the customer experience as we deliver advanced networks, technology services and compelling content to individuals, families, communities, businesses and governments across Canada. Our strong focus on the resiliency and capacity of our world-class fibre broadband, television and wireless services and making it easier to do business with Bell enabled solid subscriber growth in retail Internet, Internet Protocol television (IPTV) and wireless in 2023.

**24.72M**

Total Bell consumer, business and wholesale customer connections

| **BCE retail subscribers** (millions) | **2023** | **2022** | **Change** |
|---|---|---|---|
| Mobile phone[1] | 10.29 | 9.95 | 3.4% |
| Mobile connected device[1] | 2.73 | 2.45 | 11.4% |
| Internet[2][3][4][5] | 4.47 | 4.26 | 5.0% |
| IPTV[2][3][5] | 2.07 | 1.99 | 4.1% |
| Satellite TV[2] | 0.65 | 0.76 | (14.2%) |
| Residential telephone services[2][3][5][6] | 2.02 | 2.19 | (7.7%) |
| **Total** | **22.24** | **21.60** | **3.0%** |

(1) In Q1 2023, we adjusted our mobile phone and mobile connected device subscriber bases to remove older non-revenue generating business subscribers of 73,229 and 12,577, respectively.
(2) Excludes wholesale customers.
(3) In Q2 2023, our Internet, IPTV and residential telephone services subscriber bases increased by 35,080, 243 and 7,458 subscribers, respectively, as a result of small acquisitions.
(4) In Q1 2023, subsequent to a review of customer account records, our Internet subscriber base was reduced by 7,347 subscribers.
(5) In Q4 2022, as a result of the acquisition of Distributel, our Internet, IPTV and residential telephone services subscriber bases increased by 128,065, 2,315 and 64,498 subscribers, respectively.
(6) Excludes business telephone services.

# Message from the Chair of the Board GRI 2-22

This year, we connected even more Canadians to our leading fibre and wireless networks – critical to Canada's innovation pipeline and future economic growth.

**Gordon M. Nixon**
Chair of the Board
BCE Inc.

## Transformation driving value for the BCE group of companies

Bell's purpose is to advance how Canadians connect with each other and the world. We are proud that through our world-class fibre and wireless networks, people are able to connect with one another, be productive, and stay informed and entertained each and every day.

This year, we expanded our reach, connecting even more Canadians to our leading fibre and wireless networks – critical to building Canada's innovation pipeline and future economic prosperity for people, businesses and communities.

We are committed to enhancing customer experiences by simplifying interactions through digital solutions for both our residential and enterprise clients, all while driving cost efficiency.

Bell Media continues to deliver some of Canada's most compelling entertainment, sports and news content. Understanding Canadians' shifting media consumption habits, we continue to pivot toward digital-first media experiences to meet the dynamic needs of our audiences.

To continue delivering on our purpose in the future, this year, Bell embarked on a transformation journey from a traditional telecommunications company to a technology services and digital media leader. By exploring new and emerging areas of growth, we are crafting a roadmap for resiliency in the context of a complex and rapidly-changing environment.

### Bell for Better

We recognize that our impact and reach as a company goes far beyond our core communications and media businesses. As one of Canada's largest companies, we have an important role to play in building better communities and a better future.

Bell continues to make strides in reducing its environmental footprint. We are focused on our efforts to meet our ambitious emissions reduction targets and we continue to work to build upon our environmental protection efforts.

In 2024, we are increasing our common share dividend by 3.1% to $3.99 effective with the Q1 2024 payment on April 15, 2024. This is our 16th consecutive year of uninterrupted dividend growth.

Our dedication to mental health awareness is delivering real results. Since 2010, Bell Let's Talk has become the world's largest conversation about mental health, and Bell expects to reach its current mental health funding commitment of $155 million by the end of 2025.

In April 2023, after extensive consultation with persons with disabilities, we launched the first company-wide accessibility plan. This plan will allow BCE to identify, prevent and remove barriers to accessibility in support of the principles set out in the Accessible Canada Act.

Our progress in contributing to a better world has not gone unnoticed. Early in 2024, Corporate Knights named Bell the most sustainable communications company in the world in its Global 100 Most Sustainable Corporations ranking.

Mediacorp ranked us one of Canada's Top 100 Employers for the ninth year in a row, and Bell Technical Solutions was honoured with an Outstanding Commitment to Employment Equity award by Employment and Social Development Canada.

## Shareholder returns

I am pleased by the progress we made in 2023. Our performance underscores the critical importance of balancing near-term and long-term priorities to deliver for our shareholders, positioning us to seize upon future opportunities for growth.

In 2024, we are increasing our common share dividend by 3.1% to $3.99 effective with the Q1 2024 payment on April 15, 2024. This is our 16th consecutive year of uninterrupted dividend growth.

## Board update

The BCE Board continues to uphold the strongest principles of governance excellence. As Chair, I am immensely proud that we were ranked the fourth best-managed corporate board in Canada by the Globe & Mail for 2023.

In November 2023, we welcomed Johan Wibergh as a director on the BCE Board. Johan brings extensive experience as the former Chief Technology Officer of Vodafone and as former EVP & Head of Business Unit Networks for Ericsson. His leadership and expertise will fortify our transformational journey.

## The road ahead

Despite our success over the past year, challenges remain. Regrettably, recent decisions from the federal regulator are already having a negative impact on our future investment in communities across our footprint. As we continue to connect more Canadians, we need a public policy environment that supports and encourages private investment in network infrastructure.

In the year ahead, we will navigate the economic and regulatory environments, while strengthening the pillars of our transformation and executing on our strategic priorities.

On behalf of the Board, thank you to our shareholders. I trust you share our confidence in the future direction of the BCE group of companies as we continue on our transformation journey to a technology services and digital media leader.

**Gordon M. Nixon**
Chair of the Board
BCE Inc.

# Message from the President and CEO

GRI 2-22

The Bell team takes pride in delivering on our commitments – making the necessary near-term decisions to deliver for our shareholders, while at the same time putting in place the foundation that will position us for long-term growth.

**Mirko Bibic**
President and
Chief Executive Officer
BCE Inc. and Bell Canada

## Looking back on a year of progress, looking forward to future opportunities

Bell's purpose is to advance how Canadians connect with each other and the world.

For 144 years, we have delivered on this purpose thanks to our agility in the face of changing market dynamics and shifts in the economic and regulatory environments, forging pathways to greater innovation and progress.

Today, we are accelerating our transformation from a traditional telecommunications company to a technology services and digital media leader. We are charting new growth areas, igniting opportunities for our customers, our communities, our shareholders and our team members.

The Bell team takes pride in delivering on our commitments – making the necessary near-term decisions to deliver for our shareholders, while at the same time putting in place the foundation that will position us for long-term growth.

### Investing in our networks, delivering lower prices

Our capital expenditures totalled $4.58 billion in 2023. Since 2020, Bell has invested nearly $19 billion to connect more Canadians to our pure fibre network, expand the reach of our 5G and 5G+ wireless networks and enhance the reliability and resiliency of our networks for customers.

In 2023, Bell expanded its pure fibre network by 633,000 home and business locations, and we expanded 5G and 5G+ coverage to 86% and 51% of the Canadian population, respectively. Fuelled by our fibre footprint, we grew broadband Internet market share faster than any of our peers over the last year.

We have accomplished all of this while offering greater affordability for our customers. Over the last year, prices for wireless and Internet services fell nationally, while the overall cost of living increased.

### Putting customers first

Bell outperformed other national service providers in the 2022–2023 Commission for Complaints for Telecom-television Services (CCTS) annual report for the eighth consecutive year with a 6% reduction in the overall share of complaints over the previous year.

Bell continues to embrace cutting-edge digital solutions and automation, redefining service excellence and driving cost savings while giving customers greater control and flexibility over how they purchase, access and make changes to their services through the award-winning MyBell app. Our self-serve Virtual Repair tool with Wi-Fi Checkup has reached a milestone one million sessions.

Today, we are accelerating our transformation from a traditional telecommunications company to a technology services and digital media leader. We are exploring new areas of growth and new opportunities for our customers, our communities, our shareholders and our team members.

Announced in early 2024, our partnership with Best Buy Canada to rebrand 165 The Source stores to Best Buy Express brings together Bell's award-winning mobility and Internet offerings with Best Buy's leading consumer electronics retail expertise to deliver the best of all worlds for Canadian consumers – the latest milestone in our channel transformation strategy.

Our acquisition of FX Innovation and our collaboration with ServiceNow, along with our relationships with the world's leading cloud providers and cybersecurity companies, are helping to accelerate our transformation and enable us to be more responsive to the evolving needs of our enterprise customers with cloud-based services, workflow automation and security solutions.

## The best content, live and on-demand

Bell Media continues to deliver some of the country's most-watched content in English and French – when, where and how Canadians want it.

2023 was the most watched year in Crave's history. We introduced new ad-supported tiers and announced the distribution of Crave on Amazon Prime Video Channels coming later in 2024.

We also signed a new long-term content agreement with Warner Bros. Discovery, securing Crave's place as the home of HBO and Max content in Canada.

Our pending acquisition of OUTFRONT Media's Canadian operations will expand our presence in the out-of-home advertising market once the transaction closes. Meanwhile, advances in Addressable TV and Addressable Radio provide a personalized experience to viewers and more value to advertisers.

Bell Media's transformation to a digital media company is a necessary step in the face of challenging advertising market conditions, competition from foreign streaming giants and shifting consumer preferences. Our strategic shift to digital is paying off; 35% of our media revenues are now from digital, up from 14% just four years ago.

## Driving community impact, building the best team

Our commitment to mental health awareness across Canada continues. On Bell Let's Talk Day and throughout the year, we support mental health organizations providing care in their communities. Notably, we committed $15 million to the Kids Help Phone Feel Out Loud campaign to expand access to its e-mental health services, and gifted $1 million to IWK Health in Halifax for a dedicated mental health space in the children's hospital's emergency department, in addition to other grants through our Bell Let's Talk Community Fund, Diversity Fund and Post-Secondary Fund.

Building a safe, supportive and inclusive workplace for our team remains a priority. We offer unlimited mental health support to our team members and, this year, expanded other benefits to meet the changing needs of a modern workforce.

## Looking ahead to 2024 and beyond

The future is not without challenges.

The Canadian and global economies are facing growing headwinds with persistent high inflation and interest rates. The CRTC decision to mandate access to Bell's fibre network in Québec and Ontario is already having an impact on our future investment strategy. The implementation of a new broadcasting framework is not happening fast enough as the industry undergoes significant upheaval.

Moving forward, we will shift our focus away from highly-regulated parts of our business. We have embarked upon a restructuring effort to ensure our operating model and cost structure align with customer expectations and our transformation objectives. While this process is not an easy one, it is what we need to do to become more agile in a rapidly-changing landscape.

In 2024, we will continue to invest in new areas of growth – like cloud and security services and advanced advertising. A successful transformation to a tech services and digital media leader will allow us to remain competitive, deliver solid financial results and position us for sustained growth moving forward. This is where our focus is and where it will remain.

On behalf of the Bell team, thank you to our customers and shareholders. Your support is integral to our success.

**Mirko Bibic**
President and Chief Executive Officer
BCE Inc. and Bell Canada

# External operating context

GRI 2-6, 3-2

Macroeconomic and global trends play an important role in determining how our industry evolves. We strive to ensure that our understanding of these trends informs our strategic imperatives and value creation process, and helps shape the way we interact with our customers, team members, shareholders and society at large. The following is an examination of these trends.

| Trends | What they involve | Bell's approach |
|---|---|---|
| **5G network infrastructure** | The industry-wide expansion of 5G networks continues to drive customer demand for the products and services this new technology enables. Following full deployment over the next few years, 5G capabilities will enhance the lives of Canadians with new applications such as multi-access edge computing, immersive video and gaming, remote telehealth and self-driving vehicles. | **To learn more** about our initiatives and how we are integrating 5G considerations into our business operations and priorities, see the Our networks section in this Strategic overview, and section 2.1, Build the best networks, section 3.2, Business outlook and assumptions and section 5.1, Bell Wireless – Competitive landscape and industry trends in the BCE 2023 Annual MD&A. |
| **Technological evolution and innovation** | Telecommunication technology continues to evolve rapidly across both the wireline and wireless fronts. Innovations across fibre infrastructure, IoT and smart technology are meeting new demands to deliver both societal and environmental benefits. | **To learn more** about our approach and role in innovation, see the Our networks and Our products and services sections in this Strategic overview, and sections 2.2, Drive growth with innovative services and 3.2, Business outlook and assumptions, in the BCE 2023 Annual MD&A. |
| **Artificial intelligence (AI)** | Bell is committed to ensuring the responsible development and use of AI technologies. Our responsible approach to the development and use of AI aligns with Bell's ethics, privacy, and security requirements and broader ESG objectives. This will support customer, employee, and other stakeholder confidence in this important technology. | **To learn more** about how Bell is addressing risks associated with AI development and deployment, see our Responsible artificial intelligence policy. |
| **Bridging the digital divide** | Access to reliable and affordable high-speed Internet has become a key driver of societal well-being. As such, there is a growing determination by telecommunications providers, governments and other organizations to improve the reliability of and access to wireline and wireless services. | **To learn more** about how Bell is addressing the digital divide through increasing our network coverage and reliability, see the Our networks and Our customers and relationships sections in this Strategic overview. |
| **Energy consumption and climate change** | Consensus among the international scientific community is that GHG emissions, especially $CO_2$, are major contributors to climate change. Companies across all industries should be focused on helping fight climate change and safeguard against its threat through mitigation, adaptation and resilience. | **To learn more** about how Bell is identifying and seeking to manage its climate-related risks and opportunities, see the Risk management section of our Climate action report. To read about our climate-related initiatives, see the Our environment section in this Strategic overview, and to learn more about how we are helping customers fight climate change and adapt to its impacts, see the Our products and services section in this Strategic overview. |

| Trends | What they involve | Bell's approach |
|---|---|---|
| **Privacy and information security** | The increasing use of, and reliance on, digital systems, as well as the importance of protecting personal information and privacy in regard to wireless, Internet and media services has drawn the attention of lawmakers and customers. Changes to privacy laws have been proposed in a number of Canadian jurisdictions. There has also been increased interest in, and scrutiny of, the use, collection, and disclosure of personal information in Canada. | **To learn more** about our privacy and information security practices, see the Our networks and Our products and services sections in this Strategic overview. |
| **Corporate responsibility** | Society, regulators, governments, employees and others have heightened expectations concerning the role of companies in society and the way in which they operate. This includes incorporating ethical business practices and contributing to positive socioeconomic impacts. Globally, many companies are showcasing their approach to corporate responsibility through self-regulation and the integration of social accountability within their business models. The disclosure of corporate responsibility performance is becoming extensively scrutinized by various stakeholders as they expect consistent, factual and balanced information. | **To learn more** about our corporate responsibility performance, read this Strategic overview and the documents available in the Responsibility section of BCE's website. |
| **Diversity, equity, inclusion and belonging** | Increasingly, investors, customers and employees expect companies to demonstrate how they address DEIB to foster an equitable workplace and contribute to a more equitable society. Companies must actively identify and address inequality issues, implement strategies that promote enhanced representation, and disclose DEIB-related policies, objectives and performance. | **To learn more** about how Bell supports DEIB in the workplace and through our community initiatives, see the Our people and Our customers and relationships sections in this Strategic overview. |
| **Regulatory** | Increased federal regulation in both the telecommunications and broadcasting areas of Bell's business is having an impact on the company's external operating context. The CRTC's decision to mandate reseller access to Bell's fibre network is already adversely affecting continued investment in network expansion. The long overdue implementation of a new broadcasting framework is moving too slowly – putting our ability to fund Canadian content and news at increased risk. In the meantime, foreign streaming giants continue to operate on an uneven playing field with traditional broadcasters. | **To learn more** about how the regulatory environment affects network investment and the funding of compelling content, see the Our customers and relationships and Delivering compelling, original and meaningful content sections of the Strategic overview. |

# Stakeholder engagement and key ESG topics

GRI 2-29, 3-1, 3-2, 3-3

A key aspect of stakeholder engagement is establishing mechanisms through which we can capture key internal and external stakeholder opinions and input to support the mapping of priorities and decision-making.

In 2023, we refreshed our latest corporate responsibility priority assessment, conducted in 2021, by surveying stakeholders for their opinion on the importance of corporate responsibility topics with the greatest potential influence on BCE's enterprise value, on society, and on the environment. The stakeholders included customers of each of our service lines, team members representing various geographies and levels throughout BCE, investors, suppliers, governmental groups, non-profit organizations, local and Indigenous community partners, and academic institutions. To identify these stakeholders, we followed the guidelines and standards of the GRI, as further outlined in the complementary report Our corporate responsibility approach. This survey is just one way in which we engage our stakeholders on an annual basis.

The results of the survey demonstrated that our value creation model and our Bell for Better initiatives are aligned with the priorities identified by our stakeholders, as seen in the table below. We have further developed our disclosures on business ethics and ethical media practices in response to stakeholder interest toward these topics. Additionally, this assessment allowed us to identify an emerging priority for stakeholders: biodiversity and ecosystems, which will be further considered in the years to come. We plan to repeat this exercise in the future to continue evaluating emerging trends that create value for Bell as well as for society and the environment.

**Our corporate responsibility approach supports our corporate strategy and policies throughout the organization. Through stakeholder engagement and our own internal processes, we monitor ESG issues and opportunities and set objectives for priority issues to enhance sustainability performance.**

This table illustrates the link between our Corporate Strategy and our priority ESG topics:

| Capital | ESG topic | Target | Strategic imperative: Build the best networks | Drive growth with innovative services | Deliver the most compelling content | Champion customer experience | Operate with agility and cost efficiency | Engage and invest in our people and create a sustainable future |
|---|---|---|---|---|---|---|---|---|
| Our networks | Network coverage and reliability | ★ | ● | | | ● | ● | |
| | Data privacy | ★ | ● | | | ● | ● | |
| | Information security | ★ | ● | | | ● | ● | |
| Our customers and relationships | Customer service and satisfaction | ★ | ● | ● | | ● | | |
| | Community investment and partnerships | ★ | ● | ● | | ● | | ● |
| | Responsible procurement through suppliers | – | ● | ● | | | | ● |
| | Business ethics | – | ● | | | | | ● |
| | Bridging the digital divide | ★ | ● | ● | | ● | ● | ● |
| Our products and services | Enabling transition to a low-carbon economy | ★ | | ● | ● | | | ● |
| | Ethical media practices | – | ● | | ● | | | ● |
| | Producing original content | – | | ● | ● | ● | | ● |
| Our environment | Climate change | ★ | ● | | | | ● | ● |
| | Energy management | ★ | ● | | | | ● | ● |
| | Circular economy | ★ | ● | | | | ● | ● |
| | Biodiversity and ecosystems | – | ● | | | | ● | ● |
| Our people | Diversity, equity, inclusion and belonging | ★ | | ● | | ● | | ● |
| | Team member well-being | ★ | | ● | | ● | | ● |
| | Team member engagement and development | ★ | | ● | | ● | | ● |
| Our financial resources | Sustainable financing | – | | | | | | ● |

Build the best networks
Drive growth with innovative services
Deliver the most compelling content
Champion customer experience
Operate with agility and cost efficiency
Engage and invest in our people and create a sustainable future

★ Bell has set a target in regard to this topic

# Value creation

## Our value creation model GRI 3-3

Using the principles of the Integrated Reporting Framework, we have developed a holistic view of our value creation process. This view highlights the value we create for our stakeholders through our business operations, guided by our strategic imperatives, and use of capitals. Our activities and initiatives relating to each capital are reported on the following pages.

### Our strategy

**Purpose**

BCE's purpose is to advance how Canadians connect with each other and the world.

Through **Bell for Better**, we demonstrate our commitment to create a better world, better communities and a better workplace.

Every day, we are dedicated to advance our purpose and accelerate BCE's transformation from a traditional telco to a tech services and digital media leader by executing on our six strategic imperatives:

- Build the best networks
- Drive growth with innovative services
- Deliver the most compelling content
- Champion customer experience
- Operate with agility and cost efficiency
- Engage and invest in our people and create a sustainable future

**Operating environment**

We operate in an evolving environment influenced by trends and presenting business risks which we strive to manage under a strong governance model.

| Our capitals | Our outcomes | Value we create | How we measure value |
|---|---|---|---|
| **Our networks** Reliable, accessible and affordable world-class broadband fibre and wireless networks. | **Powering Canada's prosperity** Connecting Canadians with world-leading technology to support Canada's growth agenda, productivity and leadership in innovation. | **Connected customers through strong trusted networks** | – Network coverage & reliability<br>– Data privacy and information security |
| **Our customers and relationships** Strong relationships with customers, communities and suppliers. | **Enabling better experiences** Smart solutions and partnerships that champion customer experience and support community resiliency and growth. | | – Customer satisfaction<br>– Community investment (mental health)<br>– Supplier partnerships aligned with our values |
| **Our products and services** Innovative and compelling products, services and media content addressing societal demands. | **Enhancing opportunities for Canadians** Providing the capabilities and tools for consumers and businesses to thrive and prosper. | **Sustainable society** | – Products and services that enable low-carbon economy<br>– Compelling content and digital transformation |
| **Our environment** Responsible environmental management throughout our operations. | **Contributions to environmental sustainability** Minimizing environmental impacts in our operations through ambitious actions towards prevention and mitigation. | | – Greenhouse gas emissions reduction<br>– Circular economy |
| **Our people** Skilled, engaged and diverse team members. | **An inclusive and engaged workforce** A workplace where team members know they can have an impact, immerse themselves in opportunities and feel like they belong. | **Thriving team members** | – Team member well-being and engagement<br>– Diversity, equity, inclusion and belonging |
| **Our financial resources** Capital from our investors, returns on our investments and free cash flow generated from our operations. | **Financial growth** Ongoing investment in our purpose and positive returns to our investors. | **Sustainable investor returns and strong capital structure** | – Revenue, adjusted EBITDA and free cash flow growth<br>– Liquidity performance<br>– Dividend growth<br>– Sustainable financing |

# Our networks

Our wireline and wireless networks, as well as our broadcasting services, keep Canadians connected, informed and entertained. By providing the best network technologies, we power Canada's prosperity and support the nation's innovation pipeline. Additionally, our focus on data privacy and information security supports the reliability of our networks.

**Our purpose to advance how Canadians connect with each other and the world is underpinned by our ability to provide robust and reliable networks across our footprint and ensure continued access to critical infrastructure.**

Build the best networks

Operate with agility and cost efficiency

Champion customer experience

## How we monitor impact and progress:

| Topic | Target | 2023 performance | YoY change | 2023 third-party verification | Trend |
|---|---|---|---|---|---|
| Network coverage and accessibility | Wireless: Expand 5G network coverage to more than 85% of the Canadian population by the end of 2023[1] | 86% | +4 percentage points | PwC[2] | ✓ |
| | Wireline: Expand our pure fibre footprint to 650,000 additional locations by the end of 2023 | 633,000 | –26%[3] | PwC | ↘ |
| | New target: Wireline: Expand our pure fibre footprint to 8.3 million locations by the end of 2025 | – | New target | – | – |
| Network reliability | Revised target: Maintain network reliability level above 99.99% for FTTH[4] | 99.9952% | -0.0003 percentage points | PwC | ✓ |
| Data privacy | 0 unresolved well-founded privacy complaints[5] from the Office of the Privacy Commissioner of Canada (OPCC) | 0 | No change | OPCC | ✓ |
| Information security | 90% of onboarded team members complete yearly Be Cyber Savvy information security training | 95% | +7 percentage points | PwC | ✓ |
| | Improve year-over-year phishing simulation report rate | 33% | +8 percentage points | PwC | ✓ |
| | Align to ISO 27001 standard by the end of 2023 | 100% | +20 percentage points | – | ✓ |

→ Stable ↘ Decreasing ↗ Improving ✓ Achieved

**To learn more** about Our networks, please see the following links:

— Our networks web page

— ESG data summary

(1) Data valid as at December 31, 2023. Population data is based on the 2021 census conducted by Statistics Canada.

(2) PwC provided limited assurance over this indicator. See PwC's assurance statement.

(3) The year-over-year change for this metric is consistent with our more modest fibre buildout target for 2023 compared to 2022.

(4) Bell's network reliability refers to our high-speed FTTH Internet connection, FTTH stands for "Fibre-to-the-Home." It refers to a type of broadband Internet connection technology that uses fibre-optic cables to transmit data.

(5) A complaint is considered well-founded if the Information Commissioner concluded that one or more of the allegations in the complaint has merit.

# Building Canada's best networks

**Advanced communications networks provide access to a broad spectrum of everyday activities for all Canadians. Today, Bell's leading network technologies are a key part of Canada's 21st century infrastructure. Our networks provide consumers and businesses with greater capabilities and new opportunities to connect, build and grow, while bridging the digital divide.**

## Our activities and outcomes

### Delivering the best networks in Canada GRI 201-1, 203-1, 203-2

**Delivering advanced communications services that help generate a strong and sustainable future for all Canadians starts with continuous network investment and innovation.**

Since the beginning of 2020 through to the end of 2023 as part of its capital expenditure program, Bell has invested nearly $19 billion in our networks and expanded high-speed fibre Internet to 2.5 million new homes and businesses across Atlantic Canada, Québec, Ontario and Manitoba. Our significant investment in fibre Internet and 5G expansion has yielded continued strong subscriber momentum. Fuelled by our fibre footprint, we grew broadband Internet market share faster than any of our peers in 2023.

As part of our strategy to build resilient, future-ready networks that meet customer demands, we continue to gradually transition from our copper wire networks to pure fibre connections – widely regarded as the best broadband technology in the world. The decommissioning of copper networks enables us to offer customers the fastest network in Canada, increasing efficiency and serving as a platform for next-generation services.

### Connecting cities and smaller communities GRI 203-1, 203-2

**Bell continued to bridge the digital divide, fully funding broadband rollouts in communities large and small across our footprint.**

The rollout of pure fibre Internet continued in communities large and small in 2023. In Manitoba, Bell continued the expansion of fibre Internet in the city of Winnipeg as well as in six rural communities, including Winnipeg Beach, Blumenort, Ile des Chênes, Morris, St. Adolphe and Ste. Anne, reaching more than 40,000 additional fibre locations in the province this year. We also began expanding fibre Internet access to homes and businesses in the Ontario communities of Essex Centre and Harrow.

In addition to expanding our fibre network, we're also offering faster Internet speeds to customers. In 2023, we continued to expand availability of multi-gigabit services across our footprint, offering symmetrical Internet speeds of three gigabits-per-second (Gbps) to 6.5 million homes and businesses.

Bell's network expansion over the past four years has brought high-speed fibre Internet to hundreds of communities in Atlantic Canada, Québec, Ontario and Manitoba. Despite this industry-leading investment, more than five million locations in Bell's footprint still do not have access to fibre technology. In 2023, the Canadian Radio-television and Telecommunications Commission (CRTC) made the decision to mandate Bell to sell wholesale access to our fibre networks in Ontario and Québec. As a direct result of federal government policies and the CRTC's decision that discourages network investment, we intend to reduce capital expenditures by over $1 billion over 2024 and 2025 combined, including a minimum of $500 million in 2024, money that we had planned to invest in bringing high-speed fibre Internet to hundreds of thousands of additional homes and businesses in rural, suburban and urban communities. This reduction is in addition to Bell investing $105 million less than planned in Q4 2023 as a result of the CRTC's decision. Prior to the decision, Bell's near-term plan was to build high-speed fibre to nine million locations by the end of 2025, and as a result of the CRTC's decision, we are now slowing the pace to a near-term target of 8.3 million fibre locations by the end of 2025 and capping fibre speeds at three gigabits-per-second.

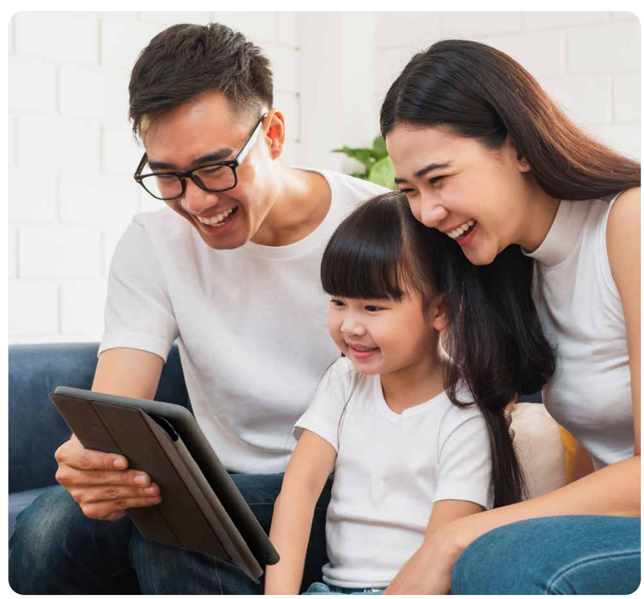
Private sector investments in connectivity depend on the right public policy conditions. The federal government can encourage network infrastructure investment by enacting policies that support the competitiveness of Canadian businesses, helping to reduce the digital divide by enabling more households and businesses of all sizes to access high-speed Internet services and addressing place-based disparities that currently exist in this country.

Separate from our fully-funded expansion, we continued to work closely with governments on existing projects to bring broadband access to remote and other hard-to-serve areas, including in rural Ontario and in Newfoundland and Labrador with the Universal Broadband Fund.

### Advancing wireless connectivity

**Successive generations of wireless technologies continue to change the way Canadians live, work and play.**

Our LTE wireless network reached more than 99% of Canadians by 2020. Since then, we launched and expanded our 5G network in urban and rural markets, reaching 86% of all Canadians by the end of 2023[(1)]. In 2023, Bell 5G wireless was ranked Canada's fastest and best 5G network by Global Wireless Solutions for the third consecutive year[(2)].



(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

(2) Based on a third-party score (Global Wireless Solutions OneScore) calculated using Bell wireless 5G network and 5G+ testing in Canada against other national wireless networks from March to October 2023.


We also continued to expand 5G+ service in urban and rural markets, including communities in New Brunswick, Newfoundland and Labrador, Nova Scotia and Manitoba. Today, 5G+ is considered to be the fastest mobile technology in Canada. It improves the performance of today's demanding apps and services, such as gaming and streaming, video conferencing, and IoT solutions, while also supporting future innovations. As of the end of 2023, Bell's 5G+ network was available to 51% of Canadians. Bell aslo secured the most 5G+ spectrum nationwide in the federal government's 3500 and 3800 MHz spectrum auctions recently securing the acquisition of 939 licenses for 3800 MHz spectrum, and acquired at a total cost that was the lowest among national wireless carriers.

## Responding to outages and maintaining functional, reliable networks SASB TC-SI-550a.1 and TC-SI-550a.2

**Building, maintaining and expanding strong communications networks is vital to the present and future well-being of all Canadians.**

Bell's network investments are delivering world-leading and reliable networks and services to customers in urban, rural and remote communities. Investing in network security, capacity and resiliency has helped Bell achieve 99.9952%[1] network reliability, achieving our target to maintain our network reliability above 99.99%. Our 2023 investments have provided core network architecture, diversity and redundancy – including multiple transport routes – which minimize the risk of major service disruptions. With the rise in extreme weather emergencies like wildfires, floods, ice storms and hurricanes, we are adapting our business practices to improve network resiliency and will continue to take measurable action to mitigate these impacts, promote sustainable practices and strengthen resiliency moving forward. A recent example was our response during Hurricane Lee in the Atlantic region. Bell worked alongside partners including provincial Emergency Management Offices, local utilities, first responders and other partners to ensure a coordinated response. Bell's investment in additional generators helped mitigate service impacts while technicians worked to restore service as quickly and safely as possible. Throughout the restoration effort, customers were kept updated through our social media channels and website.

### Bell's network reliability


Bell's customer commitment is demonstrated by our operational governance processes, our best-in-class design and network architectural practices, and the continuous investments that we make in our networks year after year.

At Bell, we know that our customers trust us to keep them connected. They rely on our services for work, school, to stay informed, and to reach out to loved ones. By prioritizing reliability and responsiveness in our day-to-day operations, Bell team members mobilize quickly to resolve outages and respond to emergencies.

For more than two decades, we have successfully deployed most of the largest mission-critical two-way radio service communications networks in Canada. We are proud that we have a unique mandate to serve the public when it matters most, providing public safety radio communications to more than 80,000 first responders and other essential services in Canada.

Bell is the largest provider of 9-1-1 emergency services in Canada. We offer specialized 24/7 bilingual support and network monitoring to emergency contact centres in Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador. We offer the Text with 9-1-1 (T9-1-1) service, and we support the Alert Ready system used to inform Canadians of critical emergencies in their area. Bell is also leading the way in the development of Next Generation 9-1-1 (NG911).

(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

# Privacy and information security

**Our success depends on robust privacy and information security practices. Customers increasingly value privacy considerations and expect organizations to diligently safeguard their information. Companies are increasingly facing cybersecurity threats, and building strong governance around information security practices is necessary to address the threat landscape. There have been, and will continue to be, significant changes to privacy and information security laws and regulations to which Bell and its customers must adhere.**

## Our activities and outcomes

### Committing to data privacy

GRI 205-2, 418-1, SASB TC-TL-220a.1 and TC-SI-220a.1

**Our customers and team members expect us to collect data appropriately, use it for purposes that advance their interests, and keep it secure.**

Increasing customer awareness regarding the protection of their personal information has attracted the attention of lawmakers and regulators, resulting in changes to privacy laws and increased regulatory scrutiny.

Our privacy policy clearly explains how and when we collect, use, and disclose personal information.

Every year, all Bell team members must review and sign the Bell Code of Business Conduct. This reinforces the importance of safeguarding customer information and using it only as allowed under our privacy policy. In 2023, Bell continued to make significant investments in people, processes and technology in order to enhance our privacy management program and to protect confidential information from evolving cybersecurity threats.

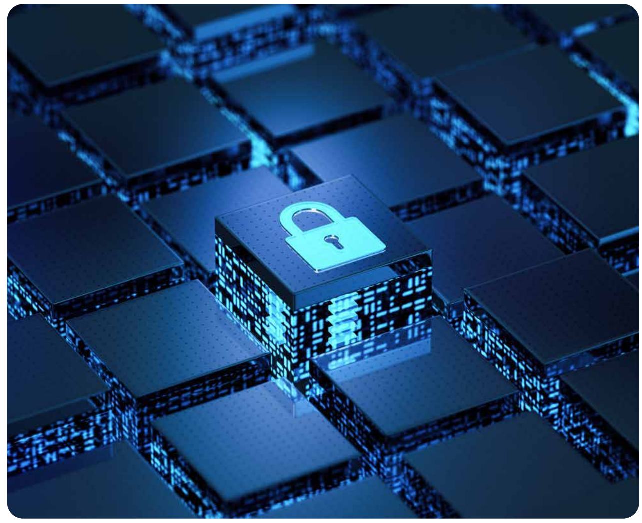
**Our objective is to have zero unresolved well-founded privacy complaints[1] from the Office of the Privacy Commissioner of Canada. We achieved this goal once again in 2023.**

### Prioritizing information security

**We must be able to identify and address information security risks in a timely manner in order to best protect our customers, our networks, team members and business assets.**

Our Information Security program is based on guiding principles to protect the confidentiality, integrity and availability of all Bell information systems, services, and networks. We build and continuously improve security policies and directives based on industry standards and the threat landscape. In 2023, we have aligned our program at 100% of the ISO/IEC 27001 standard, which we will continue to use as a base to build on and maintain our information security management system.

We implement prevention, detection and incident response programs to address security threats. Our full suite of security solutions is monitored by Bell's Security Operations Centre. The centre is staffed 24/7 to provide incident and policy management, and to report on all security-related incidents. Bell, like any company, faces cybersecurity threats on a sustained basis and aims to avoid and minimize any impacts.



Bell is a founding member of the Canadian Cyber Threat Exchange (CCTX), created to build collaboration and share cyber threat intelligence between private and public organizations with a Canadian focus.

In 2021, we launched our Be Cyber Savvy information security education program. This program includes access to our specialized cyber awareness platform, monthly phishing simulations, baseline cybersecurity courses and a recurring annual course to maintain knowledge. At the end of 2023, 95% of onboarded team members completed baseline training[1], achieving our goal of a 90% completion rate.

We had a 33% reporting rate for phishing simulations in 2023[2], a 32% improvement year-over-year. We believe a combination of training, clear messaging and positive reinforcement will lead to continued year-over-year improvement in reporting suspected phishing attempts and demonstrate team member engagement in keeping Bell secure. This year, we observed a 142% increase in reported phishing simulations from fully trained employees compared to non-trained employees.

**Reported phishing simulation between our fully trained employees and non-trained employees on our Be Cyber Savvy information security training**


(1) A complaint is considered well-founded if the Information Commissioner concluded that one or more of the allegations in the complaint has merit.
(2) PwC provided limited assurance over this indicator. See PwC's assurance statement.

# Our customers and relationships

We enable better experiences by offering smart solutions and collaborative partnerships that champion the customer experience and support community, resiliency and growth.

**Our relationships with key stakeholders are at the core of our success. We drive our growth by developing and delivering innovative services to our customers. This is made possible by our determination to continue building and operating the best communications networks in the country.**

Champion customer experience

Drive growth with innovative services

Build the best networks

## How we monitor impact and progress:

| Topic | Target | 2023 performance | YoY change | 2023 third-party verification | Trend |
|---|---|---|---|---|---|
| Customer experience | Reduce Bell's percentage of complaints to the CCTS | Reduced to 16.1% in 2023 | Improved by 1.1 percentage points | CCTS | ✓ |
| Community investment | Help build better communities across the country by contributing to groundbreaking work in mental health and engaging in volunteerism and charitable giving | $22,893,539 | +$0.7M | PwC(1) | ✓ |

→ Stable ↘ Decreasing ↗ Improving ✓ Achieved

**To learn more** about Our customers and relationships, please see the following links:

— Our customers and relationships web page
— ESG data summary
— Our corporate responsibility approach
— Empowering voices and fostering a space for all
— BCE Inc.'s Fighting Against Forced and Child Labour report

## Customers

**To effectively champion customer experience, all of our team members, regardless of role, keep the customer top of mind in everything they do. We prioritize our customers' needs in all facets of the customer journey, from developing and implementing solutions and initiatives to sales, service and support.**

### Our activities and outcomes

#### Championing customer experience

**Making it easier for customers to do business with Bell is fundamental to everything we do, which is why we are continuously working to improve our systems and processes.**

As part of our transformation to a technology services company we are introducing new "single stack" digital ordering and billing capabilities. Over the years, Bell has developed multiple billing and ordering systems to support our products and services across different regions. Now we're working to simplify our processes for customers and team members by developing an approach that consolidates billing and ordering into one national system.

(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

## Developing customer tools and resources

**We continue to add and enhance a range of technology-driven tools and resources that help make interacting with Bell easier and more direct.**

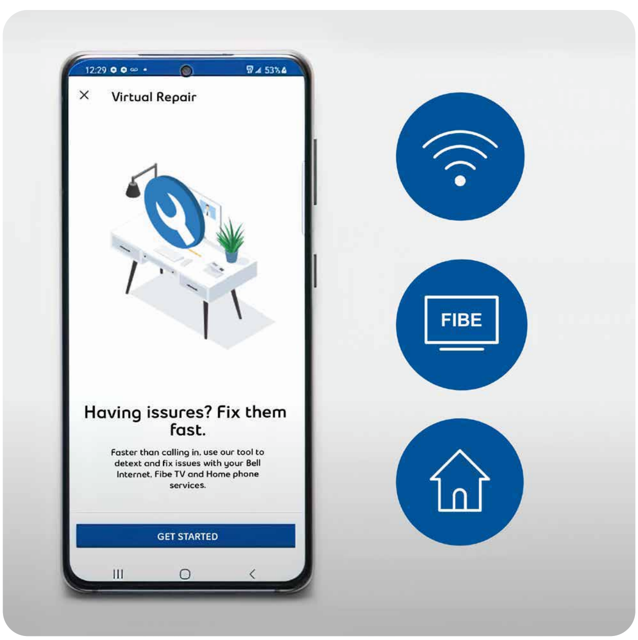
This includes making it easier for customers to use our self-install option for Bell and Virgin Plus services when their homes are already connected to our FTTH network. Customers can use easy-to-follow instructions using our award winning My Bell or Virgin Plus My Account apps to install the required equipment, which is mailed to their residences. This empowers customers to activate their own wireline services faster through a more cost-effective and convenient process.

Virtual Repair also enables customers to run their own diagnostic service checks, identify local service outages, resolve common issues, connect with a Bell support team member, and book an appointment for a technician visit online if required.

We are also leveraging our online and social media platforms to do a better job keeping customers informed during outages through our social media channels and via notifications on the MyBell app.

The MyBell app has also been upgraded to include a guided experience for new customers and improved ordering processes that make it even easier to complete transactions digitally using a smartphone or tablet. Another convenient option for customers is the Bell Wi-Fi app, which allows customers to use their smartphone to control their home networks by pausing Internet access, sharing Wi-Fi with guests and running speed tests.

In 2023, our suite of mobile apps continued to be recognized internationally for excellence in design, ease of use and capabilities, highlighted with a prestigious Webby Award for the My Bell app. The MyBell app was also named the Best Telecommunication Mobile Application at the Mobile Web Awards, an award Bell's suite of mobile apps has won for six consecutive years.




## Delivering lower prices for consumers GRI 203-2

**Canada's competitive communications landscape continues to benefit consumers.**

From January 2020 to December 2023, average wireless prices have fallen by 45% and prices for Internet services have fallen by over 5%. These declines came during a period when overall inflation increased over 15%[(1)].

In fact, prices for wireless and wireline services in Canada have been decreasing since 2017. Importantly, the cost of services in Canada is in line with peer countries as a percentage of income, which shows that prices remain affordable for Canadian consumers[(2)].

The Canadian telecommunications sector continues to offer competitive prices while delivering 99.7% mobile wireless coverage.

## Measuring performance

**We monitor and analyze insights and feedback from our customers through our multiple channels and platforms, as well as our progress in reducing complaints compared to industry-wide performance.**

The most recent CCTS Annual Report 2022–2023 shows that our focus on championing the customer experience through investments in training, tools and self-serve channels is making a difference compared to other national service providers. The CCTS report shows that Bell's share of industry complaints has decreased to 16.1%, down 6%, which was the only decline among national providers[(3)]. In fact, our share of complaints declined for an eighth consecutive year. Together, our BCE group of companies and affiliates finished 3% lower year-over-year and have reduced our complaints volume by 51% over the past five years.

**We aim to continue improving our CCTS results through our ongoing focus on making customer service training, tools and processes even better.**

Share of complaints accepted by the Commission for Complaints for Telecom-television Services


(1) Statistics Canada. Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted.
(2) PwC, Understanding the affordability of wireless and wireline services in Canada.
(3) The CCTS numbers/data only includes Bell Canada (this excludes Bell Aliant, Bell MTS, Virgin Plus, Lucky Mobile, PC Mobile).

### Our commitment to accessibility GRI 203-2

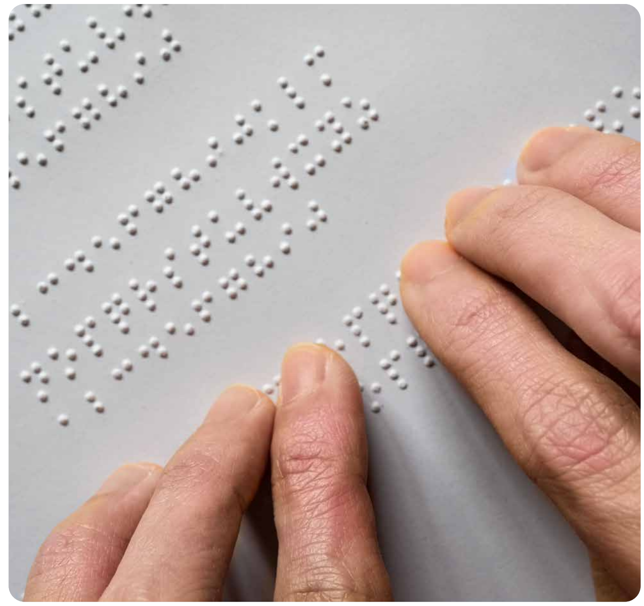
**BCE is committed to treating all people in a way that allows them to maintain their dignity and independence. An important part of doing this is to identify, prevent, and remove barriers to accessibility.**

Bell seeks to reduce barriers and provide specialized support in a variety of ways, including through our Accessibility Services Centre (ASC). This specialized call centre is dedicated to supporting customers, including through accessible products and services, with a variety of accessibility needs such as hearing, vision, speech, cognitive and mobility. Customers also have access to our detailed accessibility web pages for Bell, Bell MTS, Bell Aliant, Virgin Plus, and Lucky Mobile so that they can learn about the customized solutions and discounts available to them. Bell Mobility, Virgin Plus and Lucky Mobile customers using Video Relay Service (VRS) on a Bell mobile network are not charged for data associated with using the service. Customers with disabilities are also eligible for a 411 exemption, allowing them to make free directory assistance calls.

Bell Media continues to improve our content accessibility, including ongoing improvements to the quality and availability of closed-captioning and described video. This includes working with content providers to significantly update and improve our catalogue of content with described video.

To lead our accessibility approach, we have established an Executive Accessibility Steering Committee that provides executive oversight of BCE's Accessibility Program. This steering committee is composed of senior executives from across the organization who prioritize and guide our accessibility plans.

We also continue to learn through the formal accessibility feedback process we launched in May 2022 in accordance with the federal government's Accessible Canada Act (ACA), and through consultations with employees and other persons with accessibility needs.



With this feedback, guidance of our Executive Accessibility Steering Committee and input from persons who either have accessibility needs or are members of support organizations, BCE published our initial multi-year Accessibility Plan on April 16, 2023. The plan is available in multiple formats including American Sign Language (ASL) and Langue des signes du Québec (LSQ), and also in line with the ACA.

**To learn more** about Bell's accessibility Products and Services, visit bell.ca/Accessibility_services.

## Community

**Building strong relationships with Canadians extends beyond our direct product and service offering. We aim to strengthen the communities in which we operate. We do this through a variety of means including our mental health programs, our DEIB initiatives, community projects we support, team member volunteerism and charitable giving, national and local sponsorships, economic activities and industry partnerships.**

### Our activities and outcomes

#### Advocating mental health through Bell Let's Talk GRI 201-1

**Bell is taking a leading role in helping address the mental health crisis in Canada with the Bell Let's Talk mental health initiative. The program encourages Canadians to take action and achieve real change in mental health.**

The goal of the Bell Let's Talk mental health initiative is to reduce the stigma surrounding mental illness, while accelerating access to care, supporting research and promoting psychologically healthy workplaces.

Each year, Canadians and people worldwide meaningfully engage in the mental health conversation on Bell Let's Talk Day. In 2023, Bell made a fundamental shift in the campaign by highlighting the mental health crisis Canadians are facing in very real and personal ways and issued a collective call to action and change. Bell Let's Talk Day 2024 continued to put a spotlight on mental health organizations across the country that are providing supports and services for Canadians experiencing mental health issues – organizations that Bell Let's Talk is proud to support. Bell expects to reach its total current commitment of $155 million by 2025.

In October 2023, Bell Let's Talk announced a $1 million donation to the IWK Health Foundation in Halifax, the Maritimes' leading children's health care and research centre, to help change the way patients requiring emergency mental health services are cared for in the IWK Emergency Department (ED). This gift will support a dedicated mental health space in the new IWK ED, including its own waiting area and will provide a therapeutic, private and confidential environment for children, youth and families.

Bell Let's Talk is active year round providing funding through the Bell Let's Talk Community Fund, Diversity Fund, Post-Secondary Fund and Bell True Patriot Love Fund. Bell Let's Talk has partnered with more than 1,500 organizations including hospitals, universities, local community service providers and other care and research organizations. This collaboration has enabled these organizations to improve access to mental health supports and services in communities nationwide.

The Bell Let's Talk Community Fund supports registered charities working to improve access to mental health supports and services in communities throughout Canada. In October 2023, the Fund announced 115 new grants. Since 2011, the Fund has provided over 1,100 grants and invested over $20.5 million into helping ensure Canadians have increased access to the services needed to address the growing mental health crisis.

The Bell Let's Talk Diversity Fund provides grants to organizations working to increase access to culturally-informed mental health and wellness supports and services for BIPOC communities across the country. Since the launch in 2020, the Fund has provided 49 grants totalling $5.45 million, including 10 new grants announced in January 2024.

In 2023, the Bell True Patriot Love Fund awarded a total of $350,000 to 10 organizations making a meaningful difference in the military veteran community. These organizations improve access to mental health care for military members, veterans and their families.

In January 2024, the Bell Let's Talk Post-Secondary Fund awarded $1 million to 11 Canadian colleges, universities, and cégeps to support initiatives that align with the National Standard of Canada for Mental Health and Well-Being for Post-Secondary Students or the Québec Action Plan on Student Mental Health for Higher Education.

Bell follows the National Standard for Psychological Health and Safety in the Workplace, and promotes its adoption across corporate Canada. As we aim to lead by example, with the goal of inspiring greater engagement in corporate Canada and encouraging adoption of healthier workplace frameworks, we continue to share best practices through tailored presentations, conferences, benchmarking exercises and by participating in various advisory committees.

**We invest in mental health programs across the country to ensure that more Canadians can better access the care they need. Bell's cumulative mental health funding objective is to reach $155 million by 2025.**

**To learn more** about how Bell Let's Talk is making an impact on Canadians' mental health, visit Bell.ca/LetsTalk.

## Supporting diversity, equity, inclusion and belonging in our communities

**In line with our values, Bell extends its DEIB initiatives beyond our workplace and into our communities.**

Bell helps to foster positive and mutually respectful relationships with Indigenous peoples and communities, including colleagues, customers and community members. Bell supports the principles of the United Nations Declaration on the Rights of Indigenous Peoples and the recommendations of the Truth and Reconciliation Commission's 94 Calls to Action. All team members are encouraged to learn more about contributing to reconciliation as this helps everyone recognize the systemic inequalities and discrimination that Indigenous peoples experience, and encourages us to do better.

Bell and Bell Media are proud of their long tradition of support for Canadian arts and culture. We work with diverse partners to enrich the communities we serve through the encouragement of creative expression and with ongoing support of festivals showing Canada's rich diversity of content and creators. These initiatives range from a full roster of cultural activities and festivals around the country, to something as innovative and creative as it is transforming.

## Investing in creating community value GRI 201-1

**Acting as an engaged corporate citizen has been central to our identity for over 144 years. Bell contributes to the creation of shared value for the communities we serve and for society at large.**

Our goal is to help build better communities across the country by contributing to groundbreaking work in three areas – mental health, team member volunteerism and charitable giving. Our overall community investment in 2023 was $22,893,539(1).

Communities also benefit from the engagement of our team members as they support the causes they value deeply. Through the Bell for Better Team Giving Program, our team members are highly engaged in charitable giving and volunteerism to make the world a better place. Bell doubles the impact by matching donations to registered Canadian charities, up to $1,000 per team member per year. In addition, Bell provides team grants to charities based on, and in recognition of, the volunteer time commitments of our team members and retirees. During the 2023 Bell for Better Team Giving Campaign, Bell team members and retirees donated over $2 million to more than 2,000 Canadian charities, matched by a further $1.5 million from Bell. More than 128,000 volunteer hours were tracked, resulting in 382 team grants for charitable organizations across Canada.

(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

## Contributing to large-scale economic benefits GRI 201-1

**Canada's communications industry is the backbone of innovation and economic growth in Canada. It plays a major role in enabling Canadian prosperity now and in the future, and enables businesses to innovate and advance in the digital age.**

By providing the networks and cutting-edge technology that people and businesses rely on, Canada's communications industry not only drives innovation and economic growth across the country, but also powers a smarter future for all Canadians, especially as businesses continue to prioritize digital transformation. According to a recent report from the Canadian Telecommunications Association (CTA), increased connectivity has the potential to contribute an incremental $112 billion to Canada's GDP by 2035.

According to the same study, the telecommunications sector contributed almost $77 billion to Canada's GDP in 2022 and supported 724,000 jobs, including more than 113,000 direct jobs – helping virtually every sector of the economy[1].

Bell estimates every $1 billion investment in broadband and 5G networks over one year generates an estimated $2 billion in economic activity and supports over 6,000 jobs at Bell and throughout our Canadian supply chain[2].

The connectivity made possible as the direct result of investments by Bell and other network providers powers Canada's digital economy. It fuels innovation and new growth opportunities in important areas of the economy, including logistics and transportation, agriculture, education, digital media and environmental sustainability.

## Reducing the digital divide GRI 203-1

**Consistently improving our networks and offering affordable options gives Canadians better access to services that are important to everyday life.**

Bell believes that your postal code should not determine your economic future. In April 2023, the company published a white paper focused on how Canada can address place-based disparities and move toward place-based diversity. Better connectivity can help small-business owners reach new markets, students access online learning and seniors receive specialized health care remotely. Using the digital networks that companies like Bell are building, we can bridge the digital divide and ensure a brighter future for all Canadians – no matter where they live.

Originally launched in November 2018, and updated in 2022, the Connecting Families program now offers speeds that are up to five times faster than in phase one of the program, and includes 200 gigabytes of data for $20 per month. The second phase also broadens eligibility to include low-income seniors and families receiving the maximum Child Care Benefit (CCB). The initiative is administered through Computers for Success Canada (CFSC-OPEC), a not-for-profit partner of the Government of Canada's digital inclusion and economic development programs, and is made possible through the involvement of service providers like Bell and others.

In 2021, Bell joined other companies to launch the CEO Pledge campaign initiated by Microsoft Canada. The campaign aims to bring companies together to commit to reducing the digital divide by donating their used equipment to the Computers for Schools Plus (CFS+) program. In 2023, we donated approximately 6,000 computers. Bell is actively involved in Computers for Schools Québec (OPEQ – Ordinateurs pour les écoles du Québec), the Québec division of CFS+, by ensuring representation on the board of directors, appointing an employee as Executive Director and providing space for a workshop and the administrative offices for the OPEQ management team. In addition to providing thousands of refurbished equipment per year to schools, non-profit organizations and low-income individuals, OPEQ offers internships that contribute to the development of digital skills and the integration into the labour market of young technicians and people with physical or intellectual limitations. By participating in this program, Bell aims to help reduce the digital divide and contribute to the employability of the workforce of today and tomorrow.

(1) Connecting Canadians through resilient networks: The impact of the telecom sector in 2022 and beyond, PwC for the CTA.
(2) Estimate calculated on the basis of Table 36-10-0594-01, Input-output multipliers, detail level, from Statistics Canada for the Communication engineering construction industry.

# Suppliers

**Accountability is at the centre of the mutually beneficial and ethical relationships we establish with suppliers. We hold our suppliers to high standards and recognize the potential social and environmental impacts when purchasing goods and services. We endeavour to choose suppliers that share Bell's values in ethical behaviours and diversity.**

## Our activities and outcomes

### Monitoring supplier selection and accountability GRI 2-6, 308-1

**Bell holds its suppliers to the same high standards of business as we hold ourselves.**

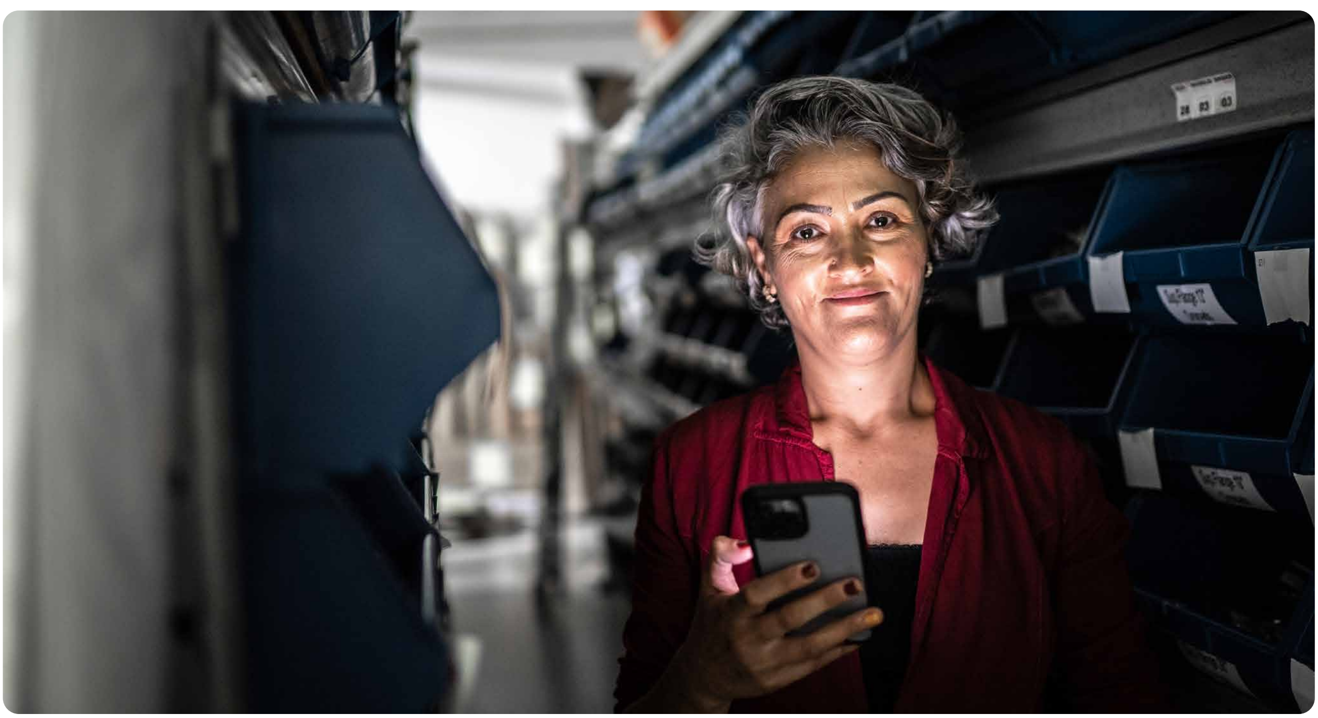
Our values and expectations for our suppliers are set out in our Supplier Code of Conduct, included by default in our contracts. This Code seeks to ensure suppliers maintain data privacy and security controls, reduce environmental impacts and respect labour and human rights, ethics, health and safety and responsible sourcing of minerals. The Code helps minimize risks to our operations and reputation in the following areas: business continuity, information security, privacy, health and safety, environment, labour, human rights and financial stability.

In accordance with our supplier risk management program, additional due diligence may be required from suppliers based on the results of our preliminary risk assessment. The products and services Bell purchases are assigned a value of high, medium or low risk. Risk level is determined during the initial onboarding assessment and subsequent assessments, which are then shared with the supplier to collect additional details pertaining to their data management, Payment Card Industry (PCI) compliance, environment and sustainability policies, and business continuity plans. Suppliers may also be asked to provide supplementary information, such as their ethics and labour policy, health and safety standards and environmental policy. Bell's supplier requests are dependent on the type of product or service provided to the company. Mitigating controls are applied to seek to manage the risk of the product and/or service purchased. In some cases, Bell shares its own internal procedures and directives for suppliers to follow.

Based on the level of information security and privacy risk, suppliers with a high-risk rating are reassessed on a yearly basis and medium-risk suppliers are assessed every three years. Other suppliers are assessed upon contract renewal. Suppliers that have a potential significant impact on our operations, customers and services are defined as critical suppliers and we conduct regular touchpoints with them. In addition, Bell reserves the right to conduct on-site audits of key suppliers. Two supplier site audits were conducted in 2023.

In 2023, we continued exploring technologies and risk methodologies to enhance and optimize our management of critical suppliers. This involves the use of big data, creation of dashboards, and improved performance indicators.

We seek quality products and services through mutually beneficial and ethical relationships with suppliers who act responsibly, respect the environment and demonstrate integrity in the marketplace.



## Procuring responsibly through our supply chain

**Evaluating the impacts of purchased goods within our supply chain is as important as the work ethics of our suppliers.**

Bell makes clear its approach to the responsible business and risk management practices of its suppliers through the Supplier Code of Conduct. We also seek to address the responsible procurement of specific products through our sustainable criteria program. The program focuses on conflict minerals in electronic products, sustainable packaging, product energy efficiency and other criteria for customer electronic devices.

Bell's sustainable criteria are revised every three years with the aim of ensuring they meet industry standards. New criteria are added as our risks and opportunities assessments evolve. To monitor the application of sustainable criteria in supplier contracts, we audit our internal business units annually to verify that all required sustainable criteria have been included.

In 2023, the Canadian parliament passed Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff, which has been effective since January 1, 2024. The act is intended to minimize forced and child labour in Canadian supply chains and ensure that Canadian businesses operating abroad do not contribute to human rights abuses. As required, BCE issued a report explaining the steps taken in the previous year to prevent and reduce the risk that forced labour and child labour are used in their supply chain.

## Engaging with suppliers to promote growth and innovation

**Engaging actively with suppliers to identify opportunities and address risks is key to fostering a sustainable value chain.**

Our suppliers are a key component of our success, and choosing the right suppliers is critical considering the growing constraints on global provisioning. We work with our key suppliers to seek to ensure they align with our values and we challenge them to collaborate on innovative projects to drive improvements.

For example, Bell works with suppliers to participate in innovative solutions that seek to minimize the environmental impact of our business operations. This means we work with suppliers to redirect, reuse, repurpose and recycle material from our waste streams wherever possible. We also support organizations that are focused on protecting the environment and decarbonizing their operations.

In 2023, 28% of our suppliers by spend had set science-based targets for reducing their greenhouse emissions, providing a helpful illustration of our collective focus.

**We will continue to engage our suppliers in this initiative with the goal of reaching 64% of our suppliers by spend having committed or set science-based targets by 2026.**

**$70 million**

Spent $70 million with certified diverse suppliers in 2023

## Promoting diversity among our suppliers

**By extending the values of DEIB to Bell's supplier relationships, we aim to provide equal sourcing opportunities for capable, diverse suppliers.**

We believe that our supplier base should reflect the diverse communities in which we operate, which helps drive the delivery of advanced products and services that resonate with our customers. Bell's supplier diversity program encourages the active inclusion of businesses that are majority-owned and managed by Indigenous peoples, visible minorities, women, 2SLGBTQIA+ individuals, veterans and persons with disabilities.

In collaboration with Canadian certifying and advocacy organizations, we continue to expand our network and advocate for diverse-owned business opportunities.

**BCE spent $70 million with certified diverse suppliers in 2023. In 2024, we will continue to advocate for, and strive to increase, year-over-year spend with certified diverse suppliers by 3% to 5%, and the number of active certified diverse suppliers by 5%.**

Canadian Council for ABORIGINAL BUSINESS

cglcc Canada's LGBT+ Chamber of Commerce

WBE Canada

CAMSC Canadian Aboriginal and Minority Supplier Council / Conseil canadien des fournisseurs autochtones et de minorités

IWSCC Inclusive Workplace and Supply Council of Canada

RFAQ RÉSEAU DES FEMMES D'AFFAIRES du Québec

# Our products and services

Our products and services enable Canadians to take advantage of the emerging capabilities and applications powered by our world-class networks. As we shift from a traditional telco to a tech services and digital media company, we seek to expand our offerings to include modern IT platforms, cloud-based solutions and AI-driven solutions to meet the evolving needs of our customers.

**Driving growth with innovative services is a strategic imperative as we respond to the needs of our customers, helping them stay connected, informed, productive and entertained. The digital nature of our products and services contributes to the transition of our customers to a low-carbon economy and helps create a more sustainable and prosperous future.**

Drive growth with innovative services

Deliver the most compelling content

Engage and invest in our people and create a sustainable future

## How we monitor impact and progress:

| Topic | Target | Performance | YoY change | Third-party verification | Trend |
|---|---|---|---|---|---|
| Enabling transition to a low-carbon economy | Increase carbon savings enabled by the use of Bell's technological solutions(1) | 5.2 times Bell's operational GHG emissions | +2.7 (was 2.5 in 2017) | – | ✓ |

→ Stable ↘ Decreasing ↗ Improving ✓ Achieved

**To learn more** about Our products and services, please see the following links:

— Our products and services web page
— ESG data summary
— Our corporate responsibility approach

## Success indicators

| Success indicators for our products and services | 2023 | YoY change |
|---|---|---|
| Research and development (capex) | $684M | +$69M from 2022 |
| Research and development (opex) | $90M | +$33M from 2022 |
| Original French content produced (hours) | 1,300+ | +4% from 2022 |
| Original English content produced (hours) | 37,100+ | –6% from 2022 |
| English-language entertainment series commissioned, led by BIPOC or creatives from other equity-seeking communities | 45% | +4% from 2022 |

(1) Performance is estimated pursuant to our carbon abatement ratio based on 2020 data which is when our latest evaluation was completed. For more information on this metric, please refer to About this report at the beginning of this report, and to the section "Contributing to a better world through our products and services" on page 40.

# Innovative digital technologies

**Innovation is a building block for Bell's success, with our extensive fibre and wireless networks at the foundation. We work with multiple companies and organizations in Canada and internationally to develop new products and services that provide greater capabilities and better experiences for both residential and business customers. To help ensure a continued innovation pipeline, we invested in hundreds of research and development projects in 2023, with the goal of increasing value for Canadians today and in the future.**

## Our activities and outcomes

### Developing innovative services for a digitally connected world

**The development of new products, services and applications at Bell is driven by our continued focus on our fibre and 5G wireless networks. We are building a more connected, innovative and sustainable social and business environment for all Canadians.**

In 2023, we expanded availability of multi-gigabit Internet speeds for fibre customers in several locations in the Atlantic provinces, Québec, Ontario and Manitoba. As of the end of 2023, 6.5 million locations had access to Internet speeds of three gigabits-per-second (Gbps).

Further transforming the home Internet experience, our Giga Hub supports multi-gigabit speeds and is compatible with Wi-Fi 6E technology, the next evolution of Wi-Fi advancement. The Giga Hub enables customers to better connect with family and friends, work, learn, stream and game online on any or all of their devices simultaneously.

Our suite of Bell Smart Home services makes it easier for residential customers to manage their home from anywhere. We continue to offer convenient and energy-saving Smart Home tools – cameras, doorbells and thermostats – that customers can control through the Bell Smart Home app.

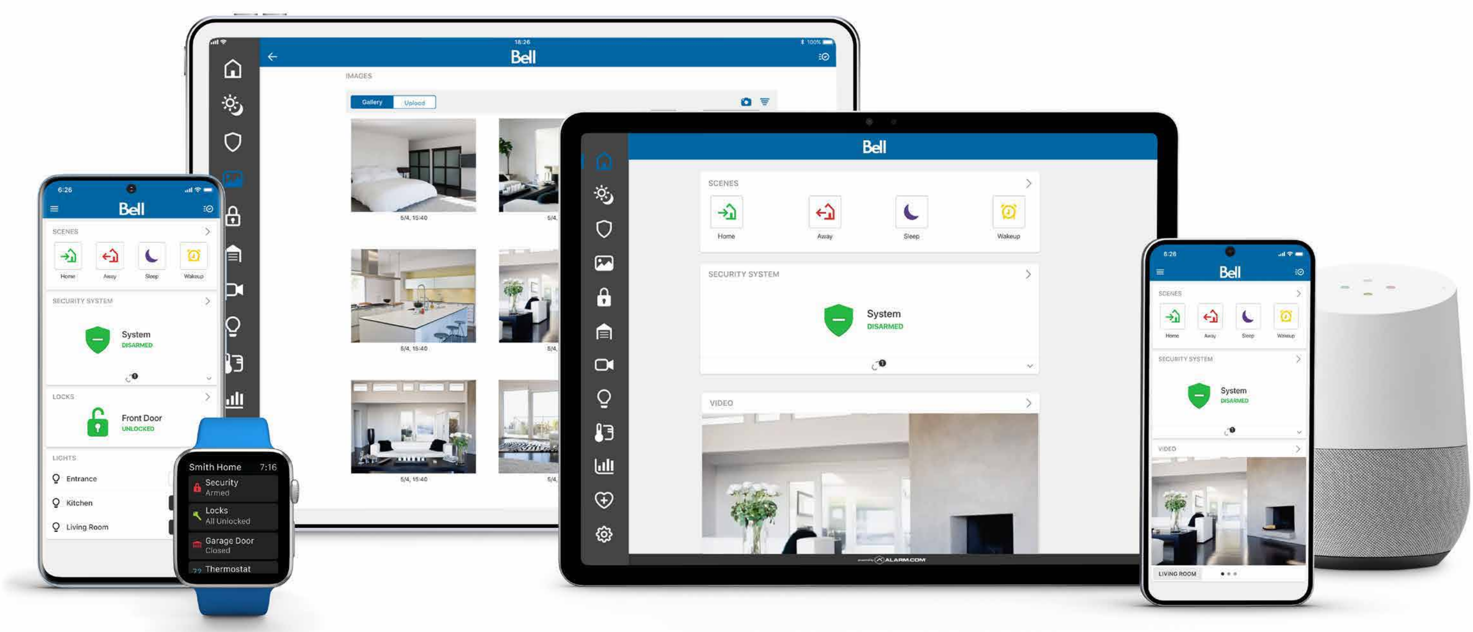
For media advertisers, Bell Media offers the cutting-edge Bell Marketing Platform, an integrated suite of data-driven tools powered by Bell First Party Data, including Bell Analytics, Bell DSP (Demand-Side Platform), and SAM (Strategic Audience Management). These tools streamline the media buying process, enabling advertisers to easily identify, connect with, and measure their target audiences across various media formats. Further enriching our portfolio, Bell Media has introduced exciting new solutions and premium inventory such as ads on Crave, Addressable TV, and Addressable Audio, each designed to enhance advertising efficacy and reach.

### Strengthening 5G and its applications

**Bell is well positioned to offer customers new and innovative 5G applications providing enhanced capabilities for Canadians.**

In 2022, Bell started rolling out 5G+, the fastest mobile technology in Canada. With increased capacity and reduced latency, 5G+ improves the performance of demanding apps and services, and supports future innovations that enhance the lives of Canadians, such as virtual and augmented reality, gaming, artificial intelligence, cloud and IoT technologies and industrial transformation. Bell's 5G+ network is now available to 51% of the Canadian population.

Leveraging the power of 5G speeds, in 2023, Bell Canada, Verizon, Vodafone and European-based B2B software company, MATSUKO successfully conducted the first live transatlantic collaborative meeting connecting multiple holographic people in Canada, the U.S. and the UK using multi-access edge computing (MEC) technology. This demonstration, conducted at the 5G Future Forum, showcases the ground breaking capabilities of 5G MEC technology.



## Driving innovation forward with research and development (R&D) and venture capital investments

**Investing in R&D and tomorrow's technology is foundational to driving innovation across our portfolio of products and services, keeping us at the forefront of network innovation and leadership.**

Since 2001, Bell has invested more in R&D than any other communications company in Canada[1], supporting the evolution toward new and advanced communications technologies and services that will ultimately benefit Canadians.

Bell has spent more than $4.6 billion in capital expenditures on R&D since 2014.

| | | |
|---|---|---|
| **$559M** (CapEx) | **$615M** (CapEx) | **$684M** (CapEx) |
| **$59M** (OpEx) | **$57M** (OpEx) | **$90M** (OpEx) |
| in 2021 | in 2022 | in 2023 |

In addition, we are investing in entrepreneurship and advanced technologies with our venture capital initiative, Bell Ventures, to encourage development of early-stage and growth companies that harness the strengths of our fibre and 5G networks. These companies are expected to deliver innovations in network operations, cybersecurity, IoT, robotics, telematics, clean technology, artificial intelligence and augmented reality/virtual reality. We collaborate with more than 240 Canadian technology partners to advance innovation throughout our operations.

## Accelerating digital transformation for businesses

**Bell is helping organizations accelerate their digital transformation with end-to-end support. We provide leading professional and managed services and an unmatched ecosystem of cloud partnerships.**

Bell has long championed the connectivity and technology prowess of small, medium and large businesses, and we pride ourselves on bringing best-in-class communications solutions and expertise to Canadian businesses of every size.

In 2023, Bell acquired cloud services leader FX Innovation, strengthening support for Canadian businesses on their digital transformation journey. This acquisition leverages the strengths of the two companies to help businesses realize their full digital potential with integrated multi-cloud solutions. FX Innovation's expertise in cloud managed and professional services, combined with Bell's national scale, resources and world-class fibre and 5G networks, will deliver end-to-end solutions to help enterprises innovate and grow their business.

Additionally in 2023, we announced a collaboration with ServiceNow, a cloud-based company focused on digital workflow solutions to help companies automate and streamline their IT management workflows. Through this collaboration, ServiceNow capabilities we have integrated into the Bell service ecosystem using ServiceNow's Service Bridge application. This solution will offer Bell business customers streamlined service provisioning, improved operational efficiencies, and a more intuitive user experience, all by leveraging purpose-built telecom solutions, automation, and AI-driven insights.

Bell's fibre and 5G wireless networks are the backbone for Canadian businesses today as they innovate and advance in the digital age. As many of our customers are increasingly using public and hybrid cloud solutions, we continue to maintain strong relationships with Amazon Web Services (AWS), Google Cloud and Microsoft Azure to ensure we deliver next-generation cloud experiences and hybrid work solutions to Bell customers. To support our customers using AWS, we launched the Bell / AWS Training Club in 2023, giving Bell team members access to over 600 training courses from foundational AWS skills to advanced specializations like cloud, cybersecurity and multi-access edge computing (MEC).

(1) Research InfoSource, Spotlight on Two Decades of Corporate R&D (2022).

# Contributing to a better world through our products and services

**Our products and services provide value to Canadians by helping them both mitigate climate change and adapt to its impacts. Our solutions enable customers to reduce environmental impacts, improve health and safety and better safeguard protected data from growing risks.**

## Our activities and outcomes

### Solutions contributing to climate change adaptation and mitigation GRI 201-2

**Bell technological solutions can help our customers reduce energy needs, minimize carbon footprints[(1)] and enhance productivity.**

Our solutions help businesses embrace new ways to communicate, collaborate, ensure business continuity and be able to maintain services in the event of emergencies and extreme incidents.

**Our solutions[(2)] include the following:**

- Virtualization and cloud computing encourage optimal use of space, power and cooling resources by consolidating servers and storage. They improve business continuity through redundancies in our network.
- IoT solutions can help optimize asset and fleet management and are effective for smart buildings, smart cities, smart operations and smart fieldwork applications. Electronic controls coupled with our communications networks can help communities adapt to rising mean temperatures and/or events such as extended heat waves.
- Hybrid workforce solutions and teleworking help maintain business continuity, as evidenced during the COVID-19 pandemic.
- Dematerialization (the reduction of the quantities of materials needed to serve an economic function) encourages the substitution of technology (e.g., online banking apps) for travel (e.g., commuting to the bank).

**We continue to develop business solutions that aim to enable carbon emissions reductions and help customers adapt to climate change.**

### Quantifying how our solutions enable carbon abatement

At Bell, we believe it is important to understand the net carbon abatement impact of our solutions. To achieve this, we have worked with Groupe AGECO, a third-party consultant with expertise in GHG emissions quantification, to develop a methodology that uses a carbon abatement ratio which estimates the carbon reduction capacity of our products and services used by our customers.

Many Bell technological solutions enable our customers to reduce GHG emissions by optimizing transport, energy use and asset operations. For example, using Bell's fleet management solution reduces travel distances and fuel consumption. These estimated benefits are calculated using the carbon abatement ratio, which represents the GHG emissions estimated to have been avoided by our customers through the use of our technological solutions in comparison to our own operational (scope 1 and 2) GHG emissions. To do so, GHG emissions are estimated in a business-as-usual case where technology is not used compared to the case where Bell's products are used. The avoided GHG emissions correspond to the difference between the emissions estimated to have been generated in a business-as-usual case compared to the case where Bell's technological solutions are used.

(1) As demonstrated by the Global Enabling Sustainability Initiative (GeSI), their research demonstrated that ICT solutions can decouple economic growth from emissions growth. ICT such as analytics, advanced robotics, Smart Grids, advanced energy management solutions, Smart building, Smart agriculture and Smart logistics solutions enable a reduction of global $CO_2e$ emissions.

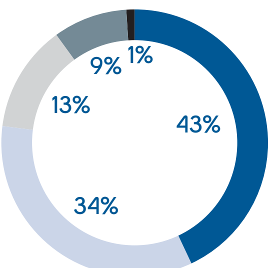
(2) To learn more about collaboration solutions, click here.

### Bell technologies enabling the largest carbon reductions in 2020

| | Teleworking | Dematerialization | Conferencing solutions |
|---|---|---|---|
| $CO_2$ equivalent | 600 kilotonnes | 465 kilotonnes | 185 kilotonnes |
| This is the same as... | 395,000 car rides between Halifax and Vancouver | 306,000 car rides between Halifax and Vancouver | 467,000 flights between Halifax and Vancouver |

The calculation method of the carbon abatement ratio is based on existing methodologies developed in the Information and Communications Technology (ICT) sector. The calculation is based on assumptions that are dependent on customers' behaviour over which Bell has no control. Groupe AGECO's and Bell's analysis estimated that our technological solutions have enabled carbon abatement for our customers of nearly 1,379 kilotonnes of $CO_2$ equivalent ($CO_2e$) in 2020. This is equal to 5.2 times our 2020 operational (scope 1 and 2) GHG emissions[1].

### Bell technological solutions enabling carbon abatement

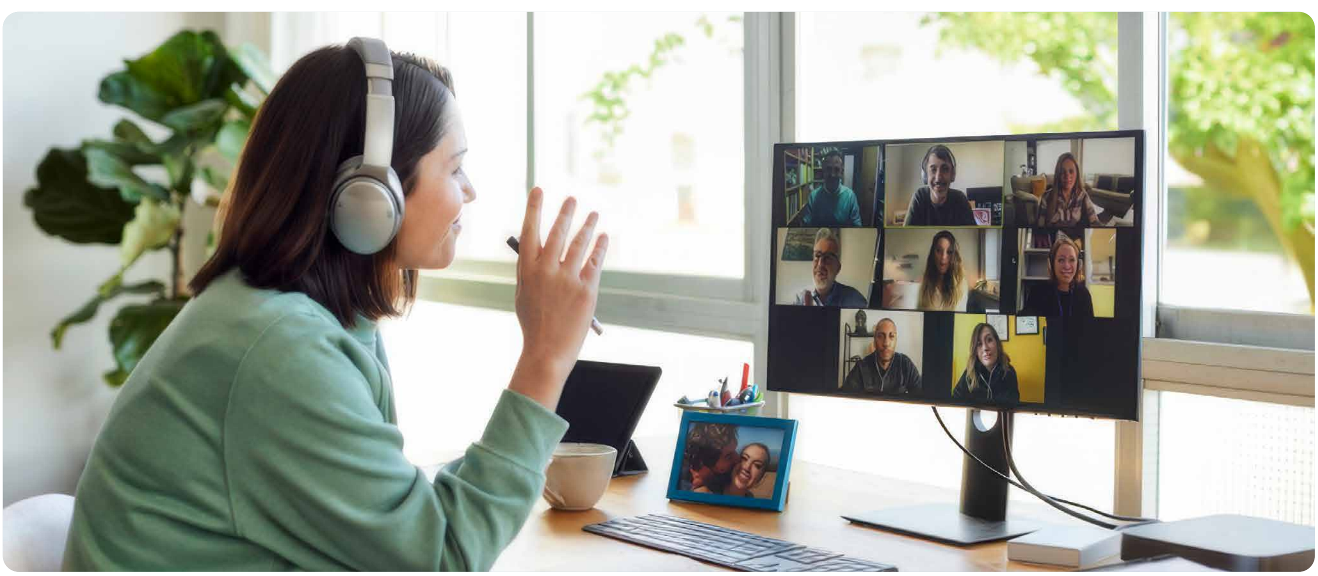



This analysis completed by Bell and Groupe AGECO is the third[2] of its kind. Our objective is to continually increase Bell technological solutions' carbon abatement ratio by developing and providing more products and services that aim to enable carbon reduction.

To help support further advances in this domain, Bell has joined Digital with Purpose with other global Information and ICT companies. This is a GeSI project that aims to deliver on the Paris Agreement and the UNSDGs by 2030. Digital with Purpose provides a framework that enables ICT companies to identify digitally-enabled solutions that already create value, as well as set new goals to increase value in the future.

The prevalence of Bell's 5G network is accelerating positive impacts of wireless technology on the environment. According to a study published by the CTA and Accenture[3], 5G reduces GHG emissions by allowing network operators to be more efficient and by enabling improved carbon abatement.

**We seek to further help our customers reduce their carbon footprints from the use of our products. Our next evaluation of carbon savings enabled by our technological solutions is scheduled to be conducted in 2024 .**



(1) Taking into account the products and services for which Bell has developed the technology and plays a fundamental role in its delivery to clients, as well as the products and services for which Bell has not developed the technology but enables it by providing the network. For more information about the carbon abatement ratio, please refer to About this report.

(2) The first and second analyses we performed (based on 2015 and 2017 data, respectively) focused on quantifying Bell's carbon abatement ratio. In our third analysis, we updated the quantification of Bell's carbon abatement ratio based on 2020 data.

(3) Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change by CTA and Accenture.

## Contributing solutions to reduce other environmental impacts GRI 303-1

**Along with the transition to cloud-based services, businesses can use IoT to help reduce environmental impacts, conserve energy and help protect employees, citizens and property when damaging events occur.**

Bell IoT solutions can help businesses, governments and others manage their infrastructure and assets more efficiently. For example, we offer a water monitoring solution to help prevent water damage or loss caused by flooding or failed infrastructure through precise and continuous monitoring, helping to reduce financial and environmental costs for municipalities caused by water damage.

Our fleet management solution helps organizations identify the shortest routes between stops and reduce total travel distance and time.

Additionally, our Smart Supply Chain solutions offer other advantages for long-haul transportation, such as remote temperature monitoring and controls for food transport to maintain food safety and reduce food waste.

Businesses can manage their communications needs and resources more efficiently through the use of online and paperless tools such as zero-touch ordering and online billing and invoicing, thus also reducing waste.

## Benefits of enhanced connectivity for health and safety

**Bell IoT solutions can help businesses provide a safer, healthier work environment for their employees.**

We help our customers comply with government health and safety regulations, including Canada's work-alone legislation, by monitoring the location and status of field workers at all times. Lone Worker Safety solutions from Bell can track the location of field workers 24/7 with GPS and real-time monitoring. They can then notify response teams automatically for immediate assistance in case of an emergency.

Bell also offers a cloud-based workforce management solution that uses situational awareness, allowing first responders to keep their eyes, ears and hands on the job at all times. It simultaneously allows commanders or dispatchers to better track and manage their entire operation, even when responders leave their vehicles.

IoT-enabled cameras on vehicles help to protect the health and safety of drivers and pedestrians. Bell's integrated vehicle camera system consists of interior and exterior cameras, sensors and a remote driver coaching platform. Organizations are better able to mitigate aggressive driving and manage fatigue through the use of the tool.

## Security solutions help maintain business continuity

**Evolving cybersecurity attacks are a shared concern for governments, businesses and the public.**

Bell is a longstanding leader in providing security services to Canadian businesses and organizations, and we continue to secure banks, governments, retailers, manufacturers and other organizations across the country to alleviate the challenge of investigating, detecting, mitigating and resolving cyber attacks.

International Data Corporation (IDC) Canada evaluates security providers on their current capabilities and future strategies for delivery of security services. Bell's security leadership has been consistently recognized by IDC since 2015, including in its most recent 2022 report[1].

In 2023, Bell partnered with Palo Alto Networks, a multinational cybersecurity company, to launch two new cloud-native application protection platform (CNAPP) solutions: Cloud Security Posture Assessment (CSPA) and Cloud Security Posture Protection (CSPP). These advanced cybersecurity solutions identify threats to enterprise data in the cloud and provide managed services to protect data across complex hybrid and multi-cloud environments.

Subsequent to year-end in early 2024, Bell announced a collaboration with SentinelOne, a global leader in AI-powered security to provide extensive data protection services for Bell's enterprise customers, leveraging SentinelOne's Singularity platform to provide endpoint protection. With this new partnership, Bell will enhance its advanced enterprise Security Operations Centre (SOC) Services to help customers gain visibility and insight into data across their entire enterprise and act on it to secure their environments. This collaboration marks SentinelOne's first partnership with a major telecommunications company in Canada.

**To learn more,** visit Bell.ca/CyberSecurity

(1) IDC MarketScape: Canadian Security Services 2022 Vendor Assessment.

# Delivering compelling, original and meaningful content

**Bell Media is Canada's leading content creation company, providing Canadians with access to the most compelling entertainment, news and information they want, when they want it. With premier assets across multiple platforms – including digital, television and radio – Bell Media produces and distributes high-impact content that entertains, informs and reflects the people and communities we serve.**

## Our activities and outcomes

### Producing and delivering meaningful and original Canadian media content SASB SV-ME-000.B

**Bell Media provides a wide range of choices for Canadians to access content that is compelling and relevant to them – such as leading news, information, sports, music, movies and series. Notably, this includes original productions, made in Canada for Canadian audiences.**

Bell Media has both advertising-based and subscription-based on-demand platforms, as well as conventional linear services delivering access to local, national and international programming. Bell Media owns CTV, Canada's top national network in primetime for 22 consecutive years, and 35 local CTV and Noovo television stations in markets across the country. As of the end of 2023, it also owns 26 specialty channels, including sports leaders TSN and RDS; bilingual premium video streaming service Crave; and the Astral out-of-home advertising network. Bell Media is a partner in Montréal's Grandé Studios, Just for Laughs and Dome Productions, one of North America's leading production facilities providers. Bell Media also bought a minority stake in Sphère Media in 2023. Bell Media also owns the iHeartRadio Canada brand encompassing 215 music channels, including 103 radio stations in 58 Canadian markets. In June 2023, we announced our intent to divest three radio stations and in February 2024, we announced our intent to divest an additional 45 of our 103 radio stations, all subject to CRTC review and closing conditions.

Bell Media's Crave is the only Canadian privately-owned bilingual subscription-based streaming service. It is available to Canadians with high-speed Internet access and through participating service providers. Crave produces and delivers premium Canadian programs, movies and documentaries. It also features popular content from major international studios and thousands of hours of French-language content. In 2023, we introduced ad-supported tiers on Crave, and 2023 was the most watched year in Crave's streaming history. In sports, TSN, Canada's sports leader[1], and RDS, the top French-language sports network, deliver leading coverage of many major championships and events. TSN provides world-class content across five national television feeds, TSN.ca, TSN Radio and the TSN app as well as TSN+, a new direct-to-consumer streaming product launched in January 2023. RDS delivers a broad portfolio of French-language sports programming across multiple platforms, including RDS, RDS2, RDS INFO, RDS streaming, RDS.ca and the RDS app.

**Bell Media local content production**

| **1,300+** hours of original French content in 2023 | **37,100+** hours of original English content in 2023 |
|---|---|

In 2023, Bell Media produced more than 1,300 hours of original French content, representing an increase of 4% compared to 2022. The increases are due to our focus on Québec original content to fuel Noovo growth. Additionally, we produced more than 37,100 hours of English-language original content in 2023.

More Canadians are now turning to Bell Media digital properties CTVNews.ca, CP24.com and BNNBloomberg.ca and related apps for local, national and international news. French-language audiences are increasingly turning to the noovo.info digital news service launched in early 2022. The service produced two times more viewings in 2023 compared to the former Noovo ad-based, on-demand service. Bell Media further engaged with audiences on Noovo's YouTube and Facebook pages, on TikTok, and via special radio broadcasts on Énergie and Rouge.

(1) Based on the depth and breadth of broadcasted sporting events, and TSN's reach, according to data provided by Numeris, a data company providing audience data and insights capturing media behaviours for the Canadian media industry, and TSN, the consumer preferred brand for live sports and sports news.

Bell Media also provides access to local radio programming and additional content live and on-demand via the iHeartRadio website and app. iHeartRadio Canada enables Canadians to find programming important to them anywhere digital connectivity allows.

In recent years, the Canadian broadcasting landscape has undergone many changes with changing audience behaviour, declining ad revenues and the growth of foreign streaming giants. In 2023, the federal government adopted the Online Streaming Act, which mandates that the CRTC create a new broadcasting framework that is fit-for-purpose in the streaming age. The new framework will help to level the playing field by mandating that foreign streaming platforms do more to promote and fund the creation of Canadian content. As the consultation process continues, Bell will advocate for a framework that takes into account the important role broadcasters play in the system while reducing our overall regulatory burden.

### Compelling content for Canadian and international markets

**Bell Media invests in producing high-quality content that resonates with Canadian and international audiences. These investments in content stimulate local economies and provide employment for Canadian actors, on-air personalities, comedians, artists, writers, showrunners, directors, designers, technicians and many other specialists and suppliers across the industry.**

In 2023, Bell Media made a licensing and distribution pact with FOX Entertainment Global to produce drama, comedy and unscripted series for CTV and Crave in Canada and FOX in the United States, as well as for the global market. Bell Media also signed a long-term licensing agreement with Warner Bros. Discovery, making Crave the Canadian home of Warner Bros. Discovery content, including HBO Originals, Max Originals, Warner Bros. films, the DC universe, and the Wizarding World of Harry Potter. This deal includes English and French rights for all HBO and HBO Max Originals on Crave. These agreements build on Bell Media's strong relationships with international studios.

**Bell Media's investment in a variety of locally-made productions nurtures and promotes Canadian culture through content produced by Canadians for Canadians, and brings Canada to the world.**

Bell Media continued in 2023 to deliver popular shows like Transplant, The Amazing Race Canada, Sullivan's Crossing, Children Ruin Everything, and Farming for Love on CTV, CTV.ca and the CTV app. Bell Media launched a new daily talk and lifestyle series, The Good Stuff with Mary Berg on CTV, and Canada's number one lifestyle program, The Social, continued to address topical issues on CTV's platforms and on X (formerly Twitter), Facebook, Instagram, YouTube and TikTok. Original content from Crave that debuted in 2023 included critically-acclaimed Indigenous drama Little Bird, the 12th and final season of Letterkenny, a second season of the Letterkenny spin-off Shoresy, docuseries Billionaire Murders, Thunder Bay, and Dark Side of The Ring; comedies The Dessert, Bria Mack Gets A Life, and I Have Nothing, and Season four of Canada's Drag Race. Crave also forged a multi-year global partnership deal with creators of Letterkenny and Shoresy to expand exclusive content creation for Crave. Popular French-language programming produced by Noovo for 2023 included the dramas Affaire criminelle, L'empereur, Désobéir : le choix de Chantale Daigle and Aller simple : Survivre. Also featured were variety shows Je viens vers toi, Le maître du jeu, L'amour est dans le pré and Survivor Québec, which set a new audience record in Québec with one million people tuning into the finale. A first for Bell Media, we commissioned back-to-back English and French productions based on the international reality format The Traitors for CTV and Noovo.

MuchMusic has become the most followed Canadian entertainment brand with more than six million followers across X (formerly Twitter), YouTube, Instagram, Facebook and TikTok, where our following doubled in the last year, reaching 4.2 million followers on the platform alone.



As part of the 2023 launch of TSN+, Bell Media acquired the exclusive Canadian media rights to the PGA Tour Live, giving viewers unique live streaming feeds from every round of every tournament. Bell Media continued its long-term relationship with the NFL in 2023, highlighted by coverage of Super Bowl LVII from Arizona. TSN and RDS also provided exclusive coverage in Canada of both the FIFA Women's World Cup Australia & New Zealand 2023 and the 2023 Formula 1 Canadian Grand Prix in Montréal, in addition to ongoing coverage of major sports, including the CFL, MLS, MLB, NBA, WNBA, regional NHL coverage, Seasons of Champions Curling, auto racing, professional golf and Grand Slam Tennis.

Additionally, TSN's digital sub-brand BarDown continued to be one of Canada's most engaging hockey-specific accounts across social media platforms, led by the country's two most-viewed original hockey series on YouTube.

### Promoting inclusive and diverse content

**Bell Media actively engages in DEIB initiatives.**

In 2023, Bell Media continued to require diversity and inclusion plans for all original productions to help reduce barriers and promote diversity in front of and behind the camera. We work with producers to conduct ongoing anti-bias training for all members of the production team and consult with the principles and guidelines put forward by BIPOC industry organizations, such as "On-Screen Pathways and Protocols" from the Indigenous Screen Office and "Being Seen: Directives for Creating Authentic and Inclusive Content" from the Black Screen Office. We continue to invest in Festivale, the development incubator administered by the Black Screen Office and forged a development partnership with the Vancouver Asian Film Festival to develop two scripted projects submitted through the festival. In addition to participation in various mentorship programs, including The Reelworld Producer Program and the National Screen Institute's Series Incubator, the Bell Media Prime Time TV Program is working with the Canadian Film Centre to support development by creators from BIPOC communities. In partnership with BIPOC TV and Film, in 2023 we ran a second year of the Unscripted Producers Lab, a development program for aspiring BIPOC producers and showrunners working in unscripted, factual and reality television production. This is an initiative that continues to align with Bell Media's objective of producing diverse and inclusive content that resonates with audiences across the country. In 2023, Bell Media established a new fund designed to support emerging talent from diverse and equity-seeking backgrounds, by way of writing room opportunities, content creation, mentorship and apprentice programs as well as incubators. In 2023, 45% of all English-language entertainment programs commissioned were led by BIPOC or creatives from other equity-seeking communities, in key roles behind and in front of the camera.

In 2023, Bell Media continued its ongoing support of major arts and culture festivals showcasing Canada's rich diversity of content and creators. This includes the imagineNATIVE Film & Media Arts Festival and the 27th edition of the Toronto Reel Asian International Film Festival. To further foster Indigenous on-screen and production talent, Bell Media continues to co-develop and co-produce with the Aboriginal Peoples Television Network (APTN). With more co-development underway, this collaboration has led to co-producing the hit CTV comedy series Acting Good, set in the fictional fly-in community of Grouse Lake First Nation; award-winning Crave original drama series Little Bird; and the soon to be released Don't Even.

### Maintaining journalistic integrity and accuracy of information SASB SV-ME-270a.3

**We are responsible for telling Canada's stories, reflecting the country and its multicultural and multiracial dynamics. To maintain the public trust, we must be impartial and remain independent from those seeking to influence our news programming.**

Bell Media tells Canadian stories that reflect our world as it truly exists. We are committed to impartial and independent news reporting and journalistic integrity. Across our news and information platforms – local, national and international reporting – we provide accurate, fair and relevant stories in compelling ways. We ensure our audiences have access to the information they need, when and where they need it. CTV News is a member of the Trust Project, a global network of news organizations that affirms a strong commitment to transparency, accuracy, inclusion and fairness. Similarly, Noovo adheres to strict editorial standards and policies that support accurate, fair and complete journalism.

# Our environment

As Canada's largest communications company[1], we strive to create an environmentally sustainable future through responsible management of environmental impacts and mitigating the effects of climate change. Our stakeholders expect that our environmental focus be defined by purposeful action, so we are making progress toward optimal resource use by advancing our circular economy model and by seeking to reduce our GHG footprint.

**To deliver on our strategic imperative to engage and invest in our people and create a sustainable future, we endeavour to limit our environmental impact throughout our operations, network and entire value chain, and in the solutions we deliver. We strive for energy efficiency and resilience to climate-related disruptions, while aiming to deliver cost efficiency for ourselves and our customers.**

Build the best networks

Operate with agility and cost efficiency

Engage and invest in our people and create a sustainable future

## How we monitor impact and progress:

| Topic | Target | 2023 performance | YoY change | 2023 third-party verification | Trend |
|---|---|---|---|---|---|
| Greenhouse gas emissions[2] | Carbon neutral operations starting in 2025[3] | 256,366 | 0.016% | PwC (Scope 1 and 2 emissions and YoY change)[4] | → |
| | Science-based targets[5] | | | | |
| | 1) Reduce our absolute scope 1 and scope 2 GHG emissions 58% by 2030, from a 2020 base year[6] | –2.5% | No change | PwC | → |
| | 2) Reach 64% of our suppliers by spend covering purchased goods and services with science-based targets by 2026[2] | 28% | Increased by 2 percentage points | PwC[7] | ↗ |
| | 3) Reduce our absolute scope 3 GHG emissions from categories other than purchased goods and services 42% by 2030, from a 2020 base year[8] | 26% | Increased by 38 percentage points[9] | – | ↘ |
| Circular economy | Waste reduction: Reach and maintain a 15% reduction in total waste sent to landfill by 2025, from a 2019 base year | –16% | Improved by 8 percentage points | PwC | ✓ |
| | Hazardous waste: Divert 100% of generated hazardous waste to certified recyclers by the end of 2024 | 99% | No change | PwC | → |
| | E-waste recovery: Recover 7 million used TV receivers, modems, mobile phones and Wi-Fi pods between October 1, 2020 and September 30, 2023 | 7,760,323<br>111% of 2023 target reached | Increased by 2,953,523 | PwC | ✓ |
| Management approach | Maintain ISO 14001 certification | Certified | Maintained 15th year in a row | Bureau Veritas | ✓ |
| | Maintain ISO 50001 certification | Certified | Maintained 4th year in a row | Bureau Veritas | ✓ |

→ Stable ↘ Decreasing ↗ Improving ✓ Achieved

**To learn more** about Our environment, please see the following links:

— Our products and services web page

— Our environment web page

— ESG data summary

— Climate action report, in alignment with the TCFD recommendations

— Climate-related risks and opportunities disclosures summary

— Our corporate responsibility approach

(1) Based on total revenue and total combined customer connections.
(2) For more information regarding our GHG targets, please refer to the section "About this report".
(3) Performance is based on operational GHG emissions (scope 1 and scope 2 emissions in tonnes of $CO_2e$) minus GHG emissions offset by carbon credits purchased (in tonnes of $CO_2e$).
(4) PwC provided limited assurance over this indicator. See PwC's assurance statement.
(5) The Science Based Targets initiative approved our targets in 2022, prior to the recalculation of our 2020 GHG emission base year. The impact of this recalculation is an increase of our target to reduce absolute scope 1 and 2 GHG emissions by 58% instead of 57% by 2030, from a 2020 base year. The recalculated target was submitted to the SBTi for approval on October 20, 2023.
(6) In line with a 1.5°C trajectory.
(7) Starting in 2023, PwC provided limited assurance over this indicator. See PwC's assurance statement.
(8) Scope 3 categories covered by this target exclude indirect scope 3 GHG emissions from our purchased goods and services, and include GHG emissions from capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, franchises and investments.
(9) Emissions in categories 3 (fuel and energy related activity), 4 (upstream transportation and distribution) and 15 (investments) have increased due to a number of elements including spend, revenue and emission factors. We are now moving more aggressively toward tackling our scope 3 emission and will continue to evolve our strategy aimed at reducing scope 3 GHG emissions.

# A mature environmental management approach

**Bell has been working to reduce the environmental impact of its operations for more than 30 years. Taking environmental actions reduces risk, encourages investment in our company, aligns with customer expectations and helps us attract and retain skilled team members.**

## Our activities and outcomes

### Environmental focus and continual improvement

**Our Environmental Management System (EMS) powers our actions as we aim to prevent and mitigate environmental impacts.**

Our objective of continuous improvement includes annually reassessing our actions to improve how we address current and developing issues, with the objective of creating sustainable value for all stakeholders as we grow our business. Our EMS has been certified ISO 14001 since 2009, a first for any North American communications company. In 2020, we extended our governance to certify our Energy Management System to the ISO 50001 standard. Both of these systems support Bell's operations in all jurisdictions that it operates in.

Bell's focus on environmental issues starts with mature programs seeking to reduce environmental impacts throughout our value chain. While we continue to extend our network, our approach seeks to ensure we act to protect biodiversity, reduce consumption of resources, better manage our waste, prevent contamination and maintain compliance with environmental regulations. Managing our issues through our EMS enables us to exercise due diligence and legal compliance, when managing environmental issues. Team members access a series of training and awareness activities promoting and reinforcing the proactive management of environmental impacts.

As part of our objective to continue to improve and adopt environmentally friendly practices in our productions, in 2023, Bell Media became a proud partner of the Rolling Green program. Managed by the Québec Film and Television Council (QFTC), the Rolling Green program enables productions to reduce their ecological footprint and strengthen their environmental commitment.

Bell also seeks to foster environmental innovation by engaging with cleantech clusters, such as Écotech Québec, that are focused on accelerating clean technologies. Through these partnerships, we support local innovation and leverage cleantech entrepreneurs to improve our environmental performance. Écotech Québec gives Bell access to 21 leading cleantech clusters around the world through the International Cleantech Network. Bell's environmental policies, processes, training and awareness programs lead to the development of innovative technological solutions that seek to limit our environmental impact and maintain our ISO certifications.

# Climate change

**As is the case for most companies, climate change poses risks to our operating environment and our ability to create value. To help mitigate these risks, we aim to reduce our energy consumption and GHG emissions while continuing to adapt to the impacts of climate change.**

## Our activities and outcomes

### Mitigating climate change

GRI 201-2, 302-4, 305-1, 305-2, 305-3, 305-5

**As a responsible corporate citizen, Bell aims to do its part to help fight climate change. Measuring our carbon footprint, setting targets and building pathways toward reducing GHG emissions enables us to operate more cost efficiently while contributing to a low-carbon economy.**

In order to mitigate climate change, companies need to understand their carbon footprint. We've been measuring and disclosing on our GHG emissions and energy consumption for over 20 years and have been publicly disclosing them since 2003 through the CDP, a non-profit organization that gathers information on climate-related risks and opportunities from organizations worldwide.

**Bell's total GHG emissions**

Tonnes of $CO_2$ equivalent

| Scope[(1)] | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Scope 1 | 141,270 | 138,722 | 134,288 | 138,759 |
| Scope 2 | 121,681 | 126,288 | 122,037 | 117,607 |
| Scope 3[(2)] | 1,915,577 | 1,866,521 | 1,859,908 | 1,916,629 |
| **Total** | 2,178,528 | 2,131,531 | 2,116,233 | 2,172,995 |

(1) Bell's vertical integration affects the way the GHGs emitted by our business activities are allocated among our operational GHG emissions (scope 1 and scope 2) and our upstream and downstream indirect GHG emissions (scope 3). For more details, see the Impact of the business model section of Our corporate responsibility approach complementary report.

(2) 2020, 2021 and 2022 data have been restated, see About this report section for details.

As one of Canada's largest employers, we are driven to play a role in mitigating the growing impacts of climate change. That is why we have been on this journey for the past 20 years and have set milestones within the next few years to track our progress. Our first targeted milestone is to achieve carbon neutrality for our operational GHG emissions (scope 1 and 2 only) starting in 2025. We've also set near-term science-based targets designed as a first milestone to do our part to help curb global temperature rise well below 2°C above pre-industrial levels and pursue efforts to help limit warming to 1.5°C. These targets are approved by the SBTi:

- SBT1 — Reduce our absolute operational GHG emissions (scope 1 and 2) 58% by 2030, from a 2020 baseline year – in line with a 1.5°C trajectory[1]
- SBT2 — Reach 64% of our suppliers by spend covering purchased goods and services with science-based targets by 2026
- SBT3 — Reduce our absolute scope 3 GHG emissions from all categories (other than from purchased goods and services) 42% by 2030, from a 2020 baseline year

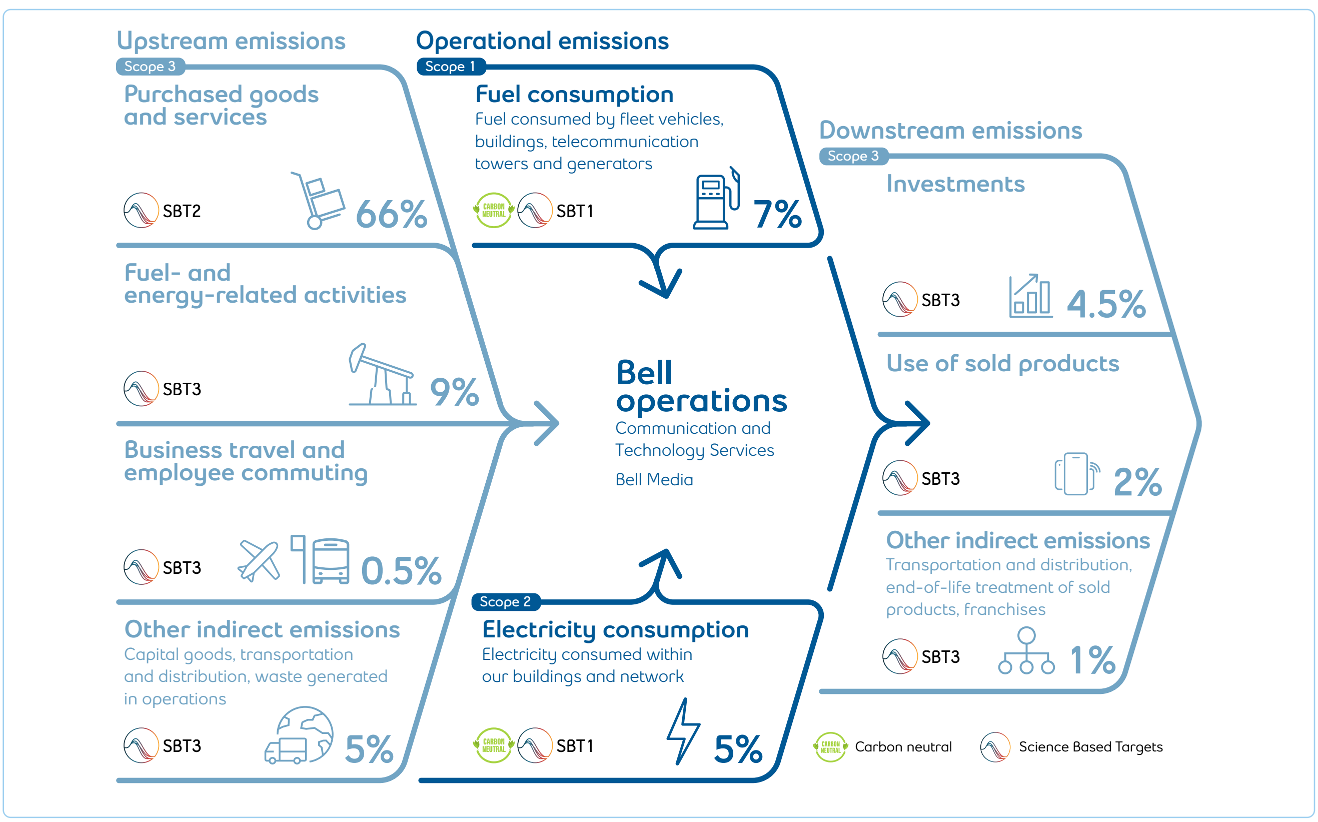
These targets will help us transition to net zero, which is our main objective. We have yet to set our net zero target, but we will continue to innovate, refine our technologies and pursue internal initiatives with that objective in mind.

In seeking to achieve our targets, we will need collaboration from our employees, suppliers and supply chain partners. Over the past 20 years, we've embedded the responsibility of reducing energy consumption across all management levels of the organization, including the Board of Directors. Since 2008, our senior management-level Energy Board has worked to ensure the effectiveness of our energy management system by identifying and implementing energy efficiency initiatives across our operations. As the importance of taking action to limit climate change has increased, the Energy Board's mandate has evolved to include objectives to attain GHG emission reduction targets.

Further engagement with our employees is occurring through the Carbon Reduction Task Force and the Innovation Working Group. These committees assist in identifying initiatives to reduce energy consumption, set business function level targets, spur innovation and propose projects for the Green Budget, a dedicated annual fund to decarbonize our operations. Our climate change strategy and progress toward targets are reported through the year to various senior level committees within Bell including the Board of Directors.

We are collaborating with partners, such as the GeSI, the Global System for Mobile Communications Association (GSMA), the Excellence in Corporate Environmental Leadership (EXCEL) Partnership, the Canadian Business for Social Responsibility (CBSR), and Canada's Net-Zero Leaderboard, to develop best practices in defining and supporting actions to transition to a low-carbon economy. In addition, our partnership with Tree Canada enables Bell to play a role in mitigating climate change across Canada, by planting trees which reduce GHGs by acting as a carbon sink. To date, Bell team members have planted thousands of trees across the country in celebration of National Tree Day.

Below is our proportion of emissions among all GHG emissions categories across our whole value chain.




(1) The Science Based Targets initiative approved our targets in 2022, prior to the recalculation of our 2020 GHG emission base year. The impact of this recalculation is an increase of our target to reduce absolute scope 1 and 2 GHG emissions by 58% instead of 57% by 2030, from a 2020 base year. The recalculated target was submitted to the SBTi for approval on October 20, 2023.

## Our action plan to reduce our direct emissions (scope 1 & 2)

Our action plan includes initiatives such as:

— reducing our fuel consumption through our ongoing fleet modernization and electrification. In 2023, we replaced 1,079 older vehicles with more fuel-efficient models, and we currently have 332 electric and 66 hybrid vehicles in service;

— reducing electricity usage by optimizing facility and equipment heating and cooling, implementing LED lighting conversions, modernizing our network equipment, as well as working to consolidate, optimize and virtualize servers;

— reducing our real estate footprint;

— maintaining LEED (Leadership in Energy and Environmental Design) and BOMA BEST (Building Owners and Managers Association's Building Environmental Standards) certification which includes improved energy efficiency; and

— the procurement of renewable energy certificates (RECs).

In order to achieve our target of carbon neutral operations starting in 2025, we expect that we will need to purchase a significant amount of carbon credits to offset emissions that will not have been avoided by internal initiatives, in addition to RECs to reduce our scope 2 emissions.

Our ability to achieve our operational (scope 1 and 2) GHG emissions reduction targets is subject to certain risks described in the section entitled Caution regarding forward-looking statements of this Strategic overview and depends on various assumptions including, without limitation, the following:

— supply chain challenges with the availability of electric cars that suit the needs of our operations have influenced our strategy to look for alternative zero emission models

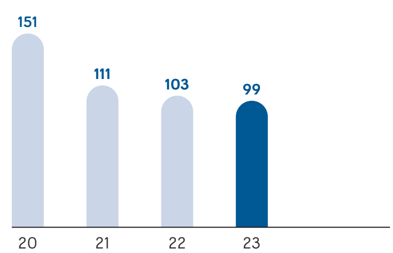
— the implementation of various corporate initiatives to reduce direct GHG emissions

— our ability to purchase sufficient high-quality credible carbon credits and acceptable RECs according to the SBTi guidelines

Our energy management system allows us to track initiatives, monitor progress and ensure we reduce our energy consumption. We are proud to be the first communications company[1] in North America to have our energy management system ISO 50001 certified, instilling a more systematic approach and facilitating continuous improvement on this metric. Bell's energy intensity ratio, described below, is a metric we use to track our progress. This metric illustrates the energy footprint of our operations in a meaningful way, comparing our energy consumption (from electricity and fuel consumption) to our network usage[2]. The decrease in Bell's energy intensity ratio over the years reflects the carbon reduction-enabling capabilities of our products and services.

### Bell's energy intensity GRI 302-3, 305-4

Energy consumption (MWh equivalent) divided by network usage (petabytes)




(1) Bell's review in 2020 of publicly available information for North American communications and telecommunications companies indicated Bell was the first of its North American communications and telecommunications competitors to receive ISO 50001 certification.

(2) Network usage is the amount of data moving across the network; it is measured in petabytes. One petabyte is equal to 1,048,576 gigabytes (GB).

### Our action plan to reduce our indirect emissions (scope 3)

Initiatives to reduce our upstream and downstream indirect GHG emissions include collaboration with industry peers, supplier education and improved contractual agreements. We seek to reduce other indirect emissions by dematerializing our real estate footprint and products distributed, and by collaborating with our dealer stores and companies in which we hold non-controlling interests to reduce their emissions.

Our ability to achieve our indirect scope 3 GHG emissions reduction targets is subject to more uncertainty than our ability to achieve our scope 1 and 2 GHG emissions reduction targets as we must rely on external actions and factors, and is subject to certain risks described in the section Caution regarding forward-looking statements in this Strategic overview and depends on certain assumptions including but not limited to:

— sufficient supplier engagement and collaboration in setting their own science-based targets, no significant change in the allocation of our spend by supplier and sufficient collaboration with partners in reducing their own GHG emissions.

— the implementation of various corporate and business initiatives to reduce our electricity and fuel consumption, as well as reduce other indirect GHG emissions enablers.

## Addressing climate-related risks and opportunities

**By analyzing our exposure to climate-related risks and identifying opportunities, we can both guide our internal actions and keep our stakeholders informed, including regular reporting on our energy performance and associated GHG emissions.**

As a supporter of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Bell started disclosing based on TCFD recommendations in 2018. Since 2003, we have reported on our climate change mitigation and adaptation efforts through the CDP, which gathers information on climate-related risks and opportunities from organizations worldwide. In 2023, we obtained an A- score from the CDP, ranking us in the "Leadership Band" for the eighth consecutive year, recognizing our efforts taken regarding climate action and alignment with current best practices, and the transparency of our climate-related disclosures. We continue monitoring the physical and transitional risks identified through our climate-related scenario analysis in an attempt to better understand the potential impacts of climate change across different warming and socioeconomic scenarios across the short (five years), medium (10 years) and long term (20 years).

## Becoming resilient to climate change

**Adapting to the impacts and consequences of climate change by building greater resiliency into our business is crucial to ensuring business continuity and value creation.**

Our ability to create value also depends on our adaptability, as the economy shifts toward a less GHG-intensive economy. Our operations depend on how well we prepare our networks and facilities to withstand damages from natural disasters, as those events increase in frequency, magnitude and intensity year-over-year. This includes severe-weather events such as ice and snow storms, windstorms, flooding, wildfires and tornadoes. We identify and seek to address these challenges through our Climate Resiliency Task Force. By analyzing our exposure to climate-related risks and identifying opportunities, we can both guide our internal actions and keep our stakeholders informed.

# Circular economy

**Since the success of our value creation relies on the efficient use of resources, we are advancing our circular economy approach to focus on solutions that detach growth from accelerating raw material consumption in order to reduce the environmental impact of our operations. Waste reduction is essential to improving our operational efficiency by generating economic benefits, and aligning with the values and expectations of our employees and customers.**

To manage the existing overlaps between the SDGs and our circular economy approach, Bell co-created a guide with the Global Compact Network Canada to establish how the circular economy principles complement the SDGs. Discussions on opportunities, challenges and best practices helped identify solutions that can be implemented within organizations. This approach was intended to inspire further action on the applicable SDGs, and promote the transition toward a circular economy in the Canadian market.

**To learn more,** read Leveraging a Circular Economy to Fast-track the SDGs: A Guide for an Integrated Approach.

## Our activities and outcomes

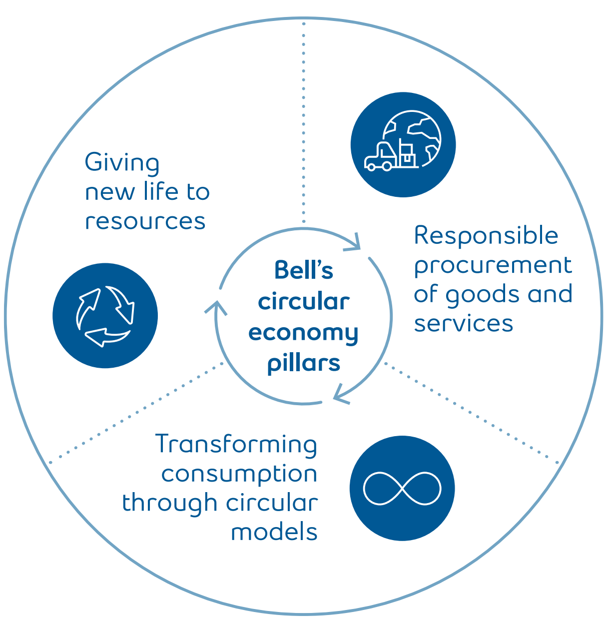
### Responsible procurement of goods and services GRI 2-28

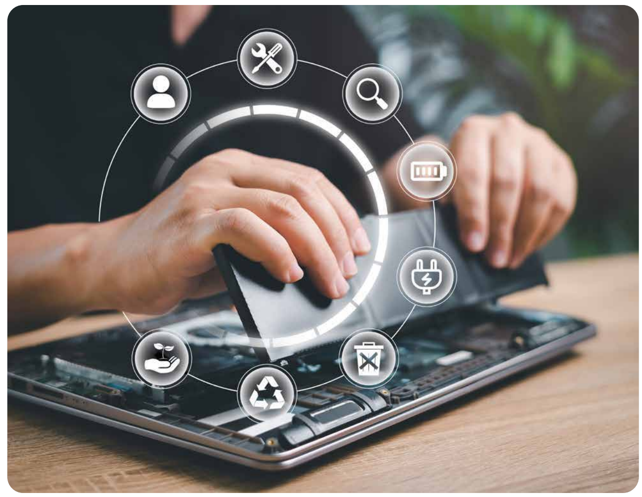
**Our focus on reducing waste and pollution in our supply chain enables us to build and sustain more resilient processes while limiting costs throughout our business.**

To reduce waste and pollution in our supply chain, we start by evaluating our suppliers based on environmental risks and by setting contractual sustainability criteria to minimize environmental impacts. The criteria address the use of toxic substances, heavy minerals, the recyclability of materials, the identification of plastics used, energy efficiency and the impact on our carbon footprint.

Bell requires that sustainable criteria be applied to contracts for the purchase of electronic products, aiming to ensure they are energy efficient. We participate in the Canadian Energy Efficiency Voluntary Agreement (CEEVA), whose program for TV set-top boxes (STBs) aims to complement the ENERGY STAR program in Canada. CEEVA's Small Network Equipment (SNE) program aims to improve the energy efficiency of these devices without compromising rapidly evolving technological advancements or customer usability. Through this voluntary agreement, Bell aims to improve the energy efficiency of STBs and SNE in accordance with the agreement's standards.

Bell's circular economy pillars



Bell is also focused on reducing waste by limiting the use of single-use plastics and requiring sustainable packaging for all contracts related to tangible goods we resell to customers or use internally. Embedding circularity deeper into our operations strengthens our path toward an enhanced value chain. This includes integrating ways to eliminate unnecessary waste into our process.

### Transforming consumption through circular models

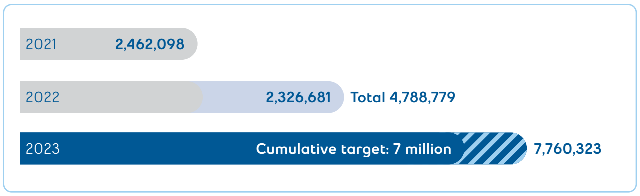
**Bell operates reuse and repair/refurbishment programs that allow us to extend the useful life of products and materials.**

Over the years, we have implemented several reuse, maintenance, repair and refurbishment initiatives, including setting up internal repair shops at a number of work centres to repair tools and ladders. Initiatives such as a reverse logistics process to ensure the repair and reuse of our wooden cable reels used to wind, transport and lay cables, provide a source of value creation for the company in terms of potentially reducing consumption associated with product-life extension and minimizing the purchase of new material, thereby reducing cost. Bell provides national take-back programs, drop-boxes and mail-in instructions that make recovery of end-of-life consumer electronics easy and efficient. By renting STBs, modems and Wi-Fi pods, Bell maintains ownership of the equipment, allowing us to manage their maintenance, repair and reuse, diverting electronic waste from landfill. We also provide return and repair services through in-store drop-off and prepaid mailing labels to all customers using rental products. In 2023, our recovery programs diverted more than 5,379 metric tonnes of customer electronic devices away from landfill.

We had set a three-year e-waste goal of collecting seven million used STBs, TV receivers, modems, mobile phones and Wi-Fi pods between January 2021 and the end of 2023, to help divert as much e-waste from landfill as possible. We are proud to have exceeded this goal with the collection of 7,760,323 devices between October 1, 2020 and September 30, 2023[1].

**We will continue our efforts to reduce e-waste from landfill. We are exploring the merit of a new e-waste target while keeping the number of customer-facing electronic devices we recover as a key metric to monitor our performance.**

### Customer devices recovered between October 1, 2020 and September 30, 2023[1][2]




## Giving new life to resources and diverting waste GRI 301-3, 306-1, 306-2, 306-3

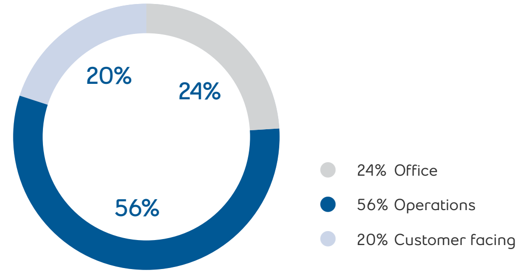
**We seek to minimize our environmental impact by collaborating with suppliers to redirect, reuse, repurpose and recycle materials from our waste streams wherever possible, ensure compliance with legal environmental regulations and avoid hazardous incidents.**

To help reduce our environmental footprint, we have set a corporate objective to reduce 15% of waste sent to landfill by 2025, from a 2019 base year. We have already exceeded this target by diverting a total of 16% waste from landfill compared to a 2019 baseline. Efforts will continue to further divert waste from landfill while we work in 2024 to set a new waste reduction target.

Several of our initiatives are mature and embedded in the way we do business such as our recycling programs for telecommunications copper cables, terminals, utility poles, cable reels, wood pallets, and lead-acid batteries. In 2023, we created the Circular Economy Task Force, a cross-functional team engaged to identify and implement new initiatives to further divert waste from landfill and advance our circular economy approach. The Task Force has developed a three-year strategy on how we can make more of an impact to reduce our environmental footprint.

To support our corporate objective to divert waste from landfill, we have partnered with various organizations such as the Centre de Formation en Entreprise et Récupération (CFER), a training centre that teaches youth useful skills on equipment recovery and refurbishment. Dating back to 2001, CFER collects and sorts recyclable materials generated at 16 of our work centres in Québec, increasing our diversion rate.

### Overall waste production




We have also partnered with World Wildlife Fund Canada (WWF-Canada) to support their ambitious 10-year Regenerate Canada plan to fight biodiversity loss and climate change. By returning used mobile devices to Bell through the Bell Blue Box program, our customers are also playing a role, as we donate the net proceeds of the residual value of these mobile devices to WWF-Canada, advancing their goal of restoring one million hectares of land, stewarding 100 million hectares of vital ecosystems and introducing nature-based climate solutions that will reduce carbon emissions by 30 million tonnes.

## Managing hazardous waste through compliance programs GRI 306-2

**At Bell, we have established compliance programs that seek to manage residual materials defined by law as hazardous.**

Network batteries account for the greatest proportion of hazardous materials generated at Bell. Other hazardous materials that we generate include aerosols, absorbents, oily containers and fluorescent tubes. When these materials are not properly handled or disposed of, contaminants can enter the atmosphere, migrate through the soil or even leach into groundwater. Our internal standards, which include the proper storage, transportation and disposal of hazardous waste, are applied across our operations.

(1) 2021 is the base year for the KPI Recover 7 million used TV receivers, modems, mobile phones and Wi-Fi pods between October 1, 2020 and September 30, 2023.
(2) PwC provided limited assurance over this indicator. See PwC's assurance statement.

# Our people

Our team members come from diverse backgrounds and possess unique skills that deliver value across our business. We engage and invest in our people to create a sustainable future along with a thriving, productive and creative workforce.

**Engaged team members are better positioned to develop innovative services that accelerate growth and to personally champion the customer experience.**

Engage and invest in our people and create a sustainable future

Drive growth with innovative services

Champion customer experience

## How we monitor impact and progress:

| Topic | Target | 2023 performance | YoY change | 2023 third-party verification | Trend |
|---|---|---|---|---|---|
| Team member well-being | 90% of people leaders complete mandatory base training on mental health[1] | 94% | +3 percentage point | PwC[2] | ✓ |
| Health and safety | Report our lost time accident frequency rate (accident per 200,000 hours of work)[3] | 1.37 | Worsened by 0.17 | PwC | ↘ |
| Gender diversity[4] | 35% gender diverse directors on the Board | 33%[5] | –3 percentage points | PwC[6] | ↘ |
| | 35% gender diverse representation in executive positions (vice president level and above) by the end of 2025 | 32% | No change | PwC | → |
| BIPOC representation | 25% BIPOC representation in Bell senior management (director level and executives) by 2025 | 23% | No change | PwC | → |
| | 40% BIPOC representation in new graduate and intern hires[7] | 66% | +14 percentage points | PwC | ✓ |
| Team member engagement | Reach and maintain an overall team member engagement score of 75%[8] | 73% | –3 percentage points | PwC | ↘ |

→ Stable ↘ Decreasing ↗ Improving ✓ Achieved

**To learn more** about Our people, please see the following links:

— Our people web page
— ESG data summary
— Empowering voices and fostering a space for all
— Our corporate responsibility approach

(1) Mental health base training is reflected as the Module 1 of mental health training.
(2) PwC provided limited assurance over this indicator. See PwC's assurance statement.
(3) 2020, 2021 and 2022 data has been restated, see About this report section for details.
(4) Gender diverse is defined as a person who identifies as a woman or with a gender other than a man or a woman.
(5) In November 2023, Johan Wibergh was appointed to the BCE Board, following which, 33% of all directors identified as women. With the increase in the number of directors upon his appointment, the BCE Board is temporarily below the target, to allow for an orderly transition ahead of the retirements of David F. Denison and Robert C. Simmonds at the 2024 Annual General Shareholder Meeting (the Meeting) in May. The target will be met again if all director nominees are elected at the Meeting, after which directors identifying as women will represent 38% of all directors.
(6) Starting in 2023, PwC provided limited assurance over this indicator. See PwC's assurance statement.
(7) 2023 BIPOC representation data for new grads and intern hires includes both self-identification questionnaire data and recruitment diversity data.
(8) This metric is calculated as the average score obtained in the annual Bell team member satisfaction survey. The team member engagement score is based on five specific questions and the percentage of employees who responded favourably (strongly agree or agree) to the questions out of the total number of employees who responded to the survey.

# Team member well-being

**To support the Bell team, we strive for a dynamic culture where all team members feel valued and respected in a safe, supportive environment. We offer inclusive benefits, ongoing education and awareness programs, and a range of progressive initiatives to foster well-being and success.**

## Our activities and outcomes

### Fostering a healthy and fulfilling workplace GRI 410-1

**Bell's Employee Value Proposition provides a clear statement of our unique culture, what team members value most about working at Bell, and how we strive to make Bell a place where every employee has opportunities to grow, make an impact and feel like they belong.**

A diverse, respectful and inclusive workplace is critical to Bell's culture and our team's success. We uphold the human rights of our team members and strive to ensure our workplace is free from harassment, violence and discrimination.

Our respectful workplace program and enhanced Human Rights and Accommodation policy include prevention-focused training, a zero-tolerance approach to workplace harassment and violence, and an internal mediation program and guidance for anyone experiencing family or intimate partner violence. We have a team of trained professionals who provide support to team members and investigate complaints of harassment and violence. We also launched instructor-led training on creating a respectful work environment to 510 leaders and will continue to offer this to additional leaders in 2024, and also extend this training to team members in 2024.

### Strengthening mental health in the workplace

**Taking action to promote and support the mental health and well-being of our team members makes Bell stronger and creates a positive impact that goes beyond our company.**

At Bell, we support mental health in a variety of ways, including unlimited mental health benefits, and resources and training for leaders and team members on resiliency, stress management, emotional intelligence and managing mental health challenges.

Since we launched our workplace mental health program in 2010, we have hosted almost 1,721 mental health awareness and anti-stigma campaigns and events, and continue to measure over 90 metrics every quarter to monitor progress. In 2023, 32,355 employees participated in such events and reported a 94% satisfaction rate.

All Bell leaders are required to complete the Workplace Mental Health Leadership training, a widely-used program that, upon completion, results in certification from Queen's University. In 2023, as part of Bell's commitment to lead by example and encourage a corporate call to action across Canada, we made the program available to external partners and clients at no cost.

Bell provides a variety of mental health benefits and support resources to team members and their families, including our Employee and Family Assistance Program, which has above industry average utilization rates; coverage for unlimited usage of mental health support services and short- and long-term disability benefits programs. We also enhanced our disability benefits program and successfully launched a pharmacogenetics program at no cost to employees on short-term mental health leave to help them find the right medication at the right dosage to better support them through their disability journey.

**To learn more,** see our Mental health policy.

### Providing competitive compensation, benefits and resources GRI 201-3, 401-2

**Bell provides team members with competitive total compensation packages that reflect inclusive practices to attract, engage and retain top talent.**

Bell's compensation package includes a competitive base salary, strong performance incentives, and retirement plans managed under a comprehensive governance structure, including a responsible investing policy. Together, this represents a total compensation package that is comparable with other large Canadian employers.

We recognize our team members' performance by aligning their compensation with progress on Bell's six strategic imperatives and financial performance, as well as their individual achievements. The majority of team members participate in the Achievement Incentive Plan, which in recent years has paid out near target.

Team members also have comprehensive, employer-paid group health plans, paid sickness and disability leaves, vacation days and a flexible holiday policy.

Additionally, we offer savings and wealth-building opportunities, such as an employee share-purchase plan (ESP) with company matching contributions, a Group Tax-Free Savings Account (Group TFSA) and a Group Retirement Savings Plan (Group RSP).

We modernized our benefits program in January 2023 to offer more flexibility and enhanced wellness support. This includes new life insurance, disability and health plan options, as well as a new lifestyle account that can be used to cover wellness and other lifestyle spending. We also implemented a new gender affirmation benefit to provide financial support to plan members during their transitioning process.

Building on these improvements, in January 2024, new family planning enhancements, which include adoption and surrogacy benefits and additional fertility treatment coverage, were made available. We also expanded eligible expenses under the lifestyle account and the list of eligible professional practitioners.

Furthermore, we made new pension and savings options available to team members in January 2024. This includes two new savings options: a Group First Home Savings Account (Group FHSA) and a Short-term Tax-Free Savings Account (Short-term TFSA). Eligible team members who participate in the Bell Defined Contribution (DC) pension plan now have the option to reallocate up to 2% of their voluntary payroll contributions to the Group RSP, the Group TFSA, the new Group FHSA or the new Short-term TFSA, while still benefiting from the company match in their DC account.

These recent improvements help address the diverse interests and needs of our team members and support our Strategic Imperative to engage and invest in our people and create a sustainable future.

We provide equitable compensation based on skills, role, performance and the external market, regardless of gender, age, disability, gender identity and expression, sexual orientation, race, ethnicity, cultural heritage or creed. We perform frequent wage-gap analyses to seek alignment with our diversity, equity, inclusion and belonging objectives. To seek to maintain our market competitiveness, we conduct ongoing market reviews using best-in-class[1] compensation surveys.

## Maintaining strong health and safety practices GRI 403-2

**Protecting the health and safety of our team is our top priority. We strive to create an environment where everyone feels safe.**

Our occupational health and safety management system aligns with the International Organization for Standardization (ISO) 45001 standard. All of our business units have designated health and safety coordinators. This structure is designed to ensure continuous reporting to the Health and Safety governance team and compliance with operational requirements.

Working in partnership with team members and union representatives, we support eight Corporate Health and Safety (H&S) Committees, 135 Local H&S Committees, and 591 Safety Representatives. In compliance with occupational health and safety regulations, these committees and representatives cover our operations throughout Canada with representation from operational and clerical functions. The committees meet periodically to address health and safety challenges, collectively perform over 7,000 annual workplace inspections, and collaborate with the Corporate Health and Safety team on the development and implementation of prevention programs. We maintain our focus on prevention by continually improving hazard-prevention programs and assessing the company's various functions for potential risks.

Prevention plans, pre-work hazard assessments, extensive communications related to safe work practices, and record volumes of training hours and manager field observations continued throughout 2023. While Bell's overall lost-time accident frequency rate increased to 1.37[2], this is attributable to an increase in installations and repairs that required the use of a ladder. Technicians completed more customer orders that required more frequent ladder manipulation and climbing, which in turn increased the risk of injury. Throughout 2024, we will continue to increase focus on proper ladder handling and climbing procedures.

(1) The survey providers (Mercer, Willis Towers Watson & Aon Radford) have been conducting these surveys for several decades. The compensation surveys reference top employers in Canada and internationally, and group together large employers with similar revenue size, which enables us to make better comparisons.

(2) PwC provided limited assurance over this indicator. See PwC's assurance statement. Bell's vertical integration affects our overall lost-time accident frequency. For more details, see the Impact of the business model section of Our corporate responsibility approach complementary report.


## Diversity, equity, inclusion and belonging

**At Bell, we are proud of our focus on fostering a diverse, inclusive, equitable and accessible workplace where all team members feel valued, respected and supported. The integration of diversity, equity, inclusion and belonging programs within Bell fosters the innovation and creativity of our team members.**

### Our activities and progress

#### Demonstrating organizational leadership and commitment

**Ensuring that our workforce at all levels reflects the diversity of society at large helps us to enrich collaboration among teams, drives business growth and is crucial for delivering innovative solutions that meet our diverse customers' needs.**

Our Diversity Leadership Council (DLC) defines Bell's DEIB strategy and develops company-wide implementation plans to align with corporate goals. The DLC comprises 17 senior leaders who represent each business unit and the markets we serve across Canada. In addition to the DLC, our governance framework includes a dedicated DEIB team, business unit committees and Employee Resource Groups, including Black Professionals at Bell, Diversability at Bell, Pride at Bell and Women at Bell. In 2023, we introduced a new DEIB Community of Practice whose goal is to share best practices across the organization.

We have maintained our strategic focus on making our senior leadership team more representative of our overall team member demographics. We achieve this through effective talent management strategies and development programs for high-potential leaders, as well as mentoring, coaching and sponsorship.

In line with our objective to improve gender diversity, we were a signatory to the Catalyst Accord 2022[1] and are a member of the 30% Club. Our current gender diversity target is a minimum of 35% gender diverse directors on the BCE Board, defined as directors who identify as women and directors who identify with a gender other than a man or a woman. This target was met from its adoption until the appointment of Johan Wibergh to the BCE Board on November 1, 2023, following which 33% of all directors identified as women. With the increase in the number of directors upon his appointment, the Board is temporarily below the target to allow for an orderly transition ahead of the retirements of David F, Denison and Robert C. Simmonds at the Annual General Shareholder Meeting (the Meeting) in May 2024. The target will be met again if all director nominees are elected at the Meeting, after which directors identifying as women will represent 38% of all directors.

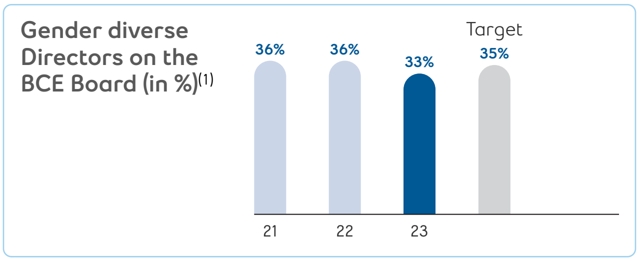
We also have a target of at least 35% gender diverse leaders at the vice president level and above by the end of 2025, and at the end of 2023, we were at 32% for executives[2]. In 2023, female representation decreased by 9.1 percentage points within the Executive Office, decreased by 1.1 percentage points at the senior vice president level, and increased by 1.4 percentage points at the vice president level. In addition, BIPOC representation has decreased by 1.5 percentage points at the senior vice president level and by 0.5 percentage points at the vice president level.

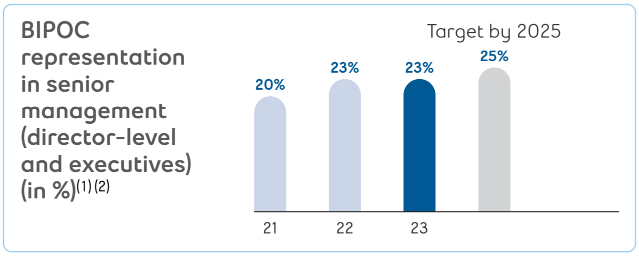
Bell continues to take meaningful actions to address the impacts of systemic racism experienced by BIPOC. Our goal is to reach at least 25% BIPOC representation in our senior management (director level and executives) team by 2025. As of the end of 2023, we were at 23%[2]. We exceeded our target of 40% BIPOC representation in our new graduate and intern hires, achieving 66% representation[2].

Bell continues working toward Progressive Aboriginal Relations (PAR) program certification and meeting the framework requirements as established by the Canadian Council for Aboriginal Business (CCAB).

(1) The Catalyst Accord 2022 calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business through these actions: Increase the average percentage of women on boards and women in executive positions in corporate Canada to 30% or greater by 2022.

(2) PwC provided limited assurance over this indicator. See PwC's assurance statement.




## Engaging with teams on diversity

**We engage with team members to enhance understanding and demonstrate how diverse perspectives contribute to better outcomes and enable teams to share a common vision.**

As part of our effort to advance our DEIB strategy, we annually consult with members of various identity groups to understand their experiences at work. In conjunction with our Team Survey results, we analyzed the insights of these consultations to identify areas of opportunity.

Our DEIB strategy and self-disclosure rate increased by 12% to a total of 89%. We attribute this increase to newly launched engagement efforts in 2023 that generated awareness, resulting in a stronger understanding of the representation of women, BIPOC and persons with disabilities in our workforce.

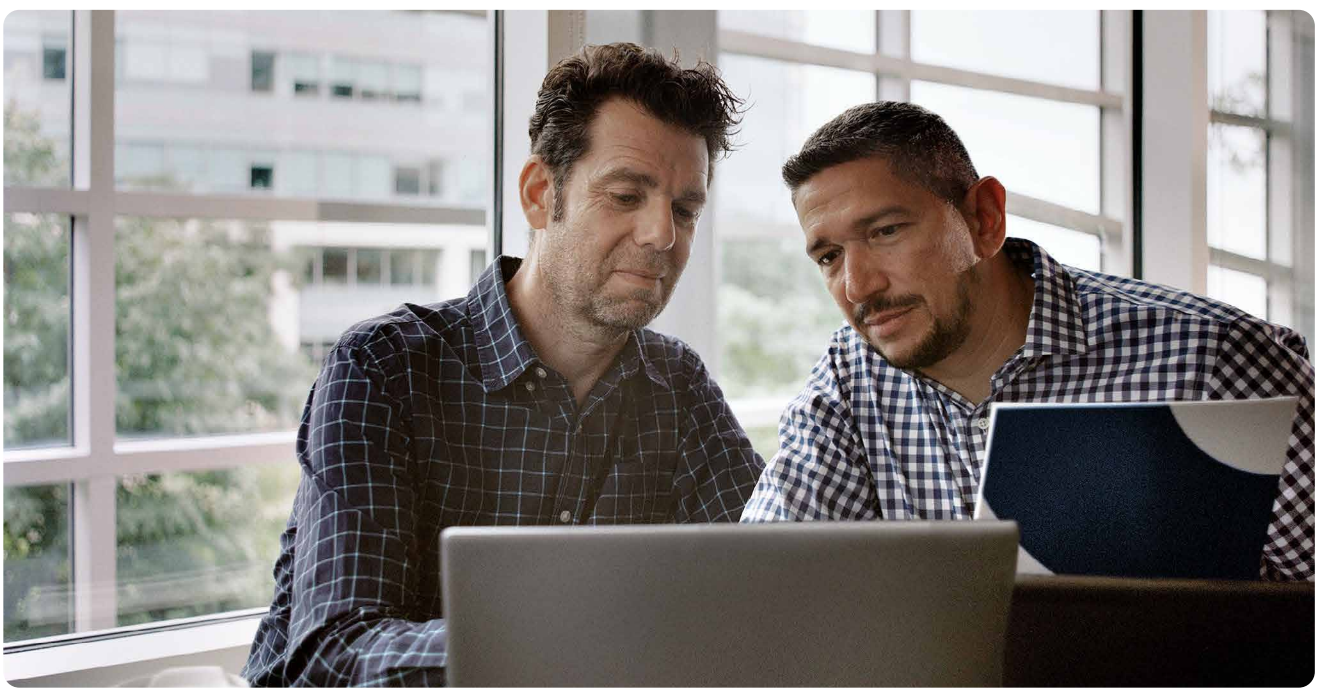
## Attracting diverse talent

**As we continue to lead in a fiercely competitive marketplace, and transition from a telecommunications company to a tech services and digital media leader, we are actively engaged in initiatives aimed at nurturing diverse talent.**

Our focus is on recruiting and selecting candidates who mirror the customers and communities we serve and meeting our objective to prioritize the recruitment of individuals from underrepresented groups. We achieve this by advertising job opportunities and partnering on career-focused events and programs with organizations that connect us with high-potential talent from BIPOC, persons with disabilities, and 2SLGBTQIA+ communities. We also work with partners that connect us with refugees and newcomers to Canada.

Bell also continues to advocate for more women and other underrepresented groups to take on roles in science, technology, engineering and mathematics (STEM). We collaborate with many organizations to promote STEM-related roles within Bell and advance opportunities for women in this field.

Our ongoing efforts to bring diverse talent into the organization contribute to a more engaged and inclusive workforce where different perspectives are welcome, enabling our teams to unlock new possibilities. In 2023, we conducted a gap analysis on recruitment processes, with a focus on accessibility, and developed an implementation plan to address the identified gaps to better meet the needs of team members and job applicants with disabilities.



(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

(2) The Catalyst Accord 2022 calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business through these actions: Increase the average percentage of women on boards and women in executive positions in corporate Canada to 30% or greater by 2022.

# Team member engagement and development

**Bell employs highly skilled, dynamic and engaged individuals who we want to see grow and succeed. We are better when we invest in our team's development through learning programs, recognition and engagement to ensure that each team member feels a sense of belonging with unparalleled opportunities to grow and make an impact.**

## Our activities and outcomes

### Listening to ensure we adapt

**We listen to our team members and leverage their voices in the design and development of our workplace practices.**

Our annual Team Survey is a key tool for capturing both quantitative and qualitative data, which we use to evaluate the degree of team member engagement with questions about communication, recognition, trust and respect.

83% of team members participated in the 2023 survey. The overall engagement score was 73%(1), two points below our target. 77% of team members reported that they are proud to work for Bell and 77% were pleased to see how their individual work contributes to the company's success.

In 2023, we continued the CEO Dialogue initiative and invited team members from various levels in the organization to participate in one of four focus groups with our CEO, Mirko Bibic. This direct dialogue strives to create a better understanding of internal challenges and fosters discussion with executive leadership that goes beyond traditional reporting structures.

### Connecting to our employee values

**We continue to leverage our Employee Value Proposition as an anchor for our employee experience programs to reinforce what team members have told us they value about working at Bell.**

Bell strives to be a place where team members can make an impact, immerse themselves in opportunities, and feel a sense of belonging.

Moreover, in 2023, we launched various initiatives to respond to team members' desire to engage in environmental action, including tree planting activities.

### Fostering a culture of continuous learning and development

**We strive to help team members accelerate their personal and professional development, so they can advance their careers at Bell, which promotes team member performance and retention.**

Bell offers many resources for continuous learning which help team members develop new skills, expand their knowledge and broaden their outlook beyond essential training and on-the-job learning. No matter the role at Bell, there are important standards of behaviour and key expectations that embody our values and principles. We require certain training programs for our team members: Code of Business Conduct (CoBC), Mental Health, Inclusive leadership, and our Be Principles. These are mandatory interactive modules that help instill the behaviours that best adhere to our CoBC.

All Bell team members have access to thousands of high-quality courses featuring leading experts on a wide range of business, technology, creative, personal growth and professional development topics from world-class learning providers. With over one million videos viewed in 2023, we are at the 75th percentile(2) compared to similar organizations.

Through Bell U, Bell's virtual university, team members can continually upskill and reskill with a special focus on high-tech, including AI, cybersecurity, cloud and software development. We offer eight-month structured programs that include a two-month full-time internal internship to qualified applicants. At the end of the program, participants are qualified to work in a high-tech field. We also offer a self-paced approach to each of the 4,500 members of our high-tech community. More than 35,000 skills were assessed and over 45,000 training items completed. At Gartner's annual ReimagineHR conference, Bell U received international recognition and was highlighted as an impactful use case on virtual learning.

(1) PwC provided limited assurance over this indicator. See PwC's assurance statement.

(2) Provided by LinkedIn as part of a quarterly review conducted in Q4 2023, benchmarked against other large companies with a minimum of 10,000 licenses purchased for LinkedIn's learning platform.

In 2023, we announced Bell's new leadership attributes. They have been designed to foster the company-wide transformational mindset that we need to succeed, and include: Champions the customer, Acts to grow our business, Drives results with superior execution, Communicates clearly and Promotes belonging.

Our leadership programs are customized and adapted to support leaders at all stages of their careers, whether they are relatively new to the company, are established Bell leaders or have been identified as Bell's next generation of leaders.

In addition, we offer access to a mentor matching platform that facilitates building human connections. In 2023, over 1,200 mentoring relationships were established. We believe in recognizing team member contributions that enable us to deliver on our purpose: advancing how Canadians connect with each other and the world.

Through our unified recognition program, Better Together, we recognize and celebrate team members' contributions and celebrate service anniversary milestones. Over 93% of team members are engaged, and 81% of our leaders are active in the tool each month, facilitating over 260,000 peer-to-peer recognition gestures. Better Together provides a meaningful and fun way for Bell teams to connect and celebrate milestones.

The Bravo Award is the most prestigious award at Bell and is given in recognition of outstanding performance by individuals and teams. We also honour our retirees to recognize and thank them for their contributions. These programs contribute to thousands of tangible awards for Bell team members.

## Building strong relationships with labour unions GRI 2-30, 407-1

**The positive engagement of our unionized team members is key to Bell's success, and we aim to negotiate collective agreements that deliver competitive labour conditions and uninterrupted service to our customers.**

Our employees have the inherent right to associate with labour unions and enter into collective bargaining, and positive, long-term relationships with unions representing BCE team members is an ongoing priority. Approximately 42% of all Bell team members are represented by labour unions in Canada. Our unionized team members belong to 61 different bargaining units represented by 13 different labour unions. Our various collective agreements reinforce the importance of having a fair, inclusive and accessible workplace where everyone feels valued, respected and supported.

Different collective agreement provisions include:

— joint labour-union committees that provide an opportunity to discuss important matters while improving relationships between the parties;

— a well-defined grievance procedure;

— transfer and job posting procedures to facilitate professional mobility;

— advance notice and discussion with unions prior to implementation of significant changes impacting team members; and

— restructuring and layoffs, including the payment of severance pay and redeployment considerations.

# Our financial resources

Our capital comes from our investors, lenders and free cash flow that is generated from our operations. Our objective is to achieve financial growth through ongoing investment in our purpose to advance how Canadians connect with each other and the world, while seeking to deliver shareholder returns through dividend growth.

**By focusing on operational excellence and cost discipline throughout every part of our business, we aim to deliver leading broadband fibre and wireless networks in locations large and small. We seek to provide truly differentiated communications services to Canadians and drive revenue growth by leveraging our networks to serve our customers.**

Build the best networks

Operate with agility and cost efficiency

Drive growth with innovative services

## How we monitor our impact and progress: 2023 financial performance

| Financial measure | 2023 Target | 2023 Performance and results | |
|---|---|---|---|
| Revenue growth | 1% to 5% | 2.1% | BCE revenues grew by 2.1% in 2023, compared to 2022, driven by higher product revenue of 9.4%, and higher service revenue of 0.9%, attributable to growth from our Bell CTS segment, moderated by a decline in our Bell Media segment. |
| Adjusted EBITDA growth | 2% to 5% | 2.1% | BCE adjusted EBITDA grew by 2.1% in 2023, compared to 2022, reflecting a greater contribution from our Bell CTS segment, partly offset by a decline in our Bell Media segment. The growth was driven by higher revenues, partly offset by increased operating costs. |
| Net earnings growth | Not applicable | (20.5%) | In 2023, net earnings decreased by 20.5%, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets. |
| Capital intensity | 19% to 20% | 18.6% | 2023 capital expenditures of $4,581 million declined by 10.8% year over year, which corresponded to a capital intensity ratio of 18.6%, down 2.6 pts over last year, driven by lower planned capital spending in 2023 subsequent to accelerated network investments in 2022, as well as an unplanned additional $105 million decrease as a result of the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network. |
| Net earnings per share (EPS) growth | Not applicable | (23.5%) | Net earnings attributable to common shareholders in 2023 decreased by $640 million, or $0.70 per common share, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets. |
| Adjusted net earnings per share (adjusted EPS) growth | (7%) to (3%) | (4.2%) | Excluding the impact of severance, acquisition and other costs, net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans, net equity gains (losses) on investments in associates and joint ventures, net gains (losses) on investments, early debt redemption costs and impairment of assets, net of tax and non-controlling interest (NCI), adjusted net earnings in 2023 was $2,926 million, or $3.21 per common share, compared to $3,057 million, or $3.35 per common share, in 2022. |

| Financial measure | 2023 Target | 2023 Performance and results | |
|---|---|---|---|
| Cash flows from operating activities growth | Not applicable | (5.0%) | In 2023, BCE's cash flows from operating activities of $7,946 million decreased by $419 million, compared to 2022, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid, partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans. |
| Free cash flow growth | 2% to 10% | 2.5% | Free cash flow of $3,144 million in 2023 increased by $77 million compared to 2022, mainly due to lower capital expenditures, partly offset by lower cash flows from operating activities, excluding cash from acquisition and other costs paid. |
| Annualized dividend per common share | $3.87 per share | $3.87 per share | Annualized dividend per BCE common share for 2023 increased by $0.19 cents, or 5.2%, to $3.87 compared to $3.68 per share in 2022. |

For a more detailed discussion of our 2023 financial performance including information on our capital expenditures and our capital markets strategy, see the BCE 2023 Annual MD&A.

# Shareholder returns and capital markets strategy

**BCE seeks to deliver shareholder returns through dividend growth, while maintaining investment-grade credit ratings and overall financial flexibility. This objective is underpinned by substantial free cash flow generation and a strong balance sheet, supporting ongoing capital investment in advanced broadband networks and services that are essential to driving the long-term growth of our business.**

**Strong strategic execution by the Bell team enabled us to achieve our financial targets for the year while continuing to fund our network expansion plans. Bell continued to keep Canadians connected throughout 2023 by delivering market-leading innovations, laying the foundation for our long-term success, while providing the basis for our capital markets objective of delivering dividend growth to our shareholders.**

## Our activities and outcomes

### Shareholder return performance and dividend growth and payout policy

BCE's total shareholder return[1] was -6.2% in 2023 and +29.5% for the five-year period from 2019 to 2023.

On February 8, 2024, we announced a 3.1%, or 12 cents, increase in the annualized dividend payable on BCE's common shares for 2024 to $3.99 per share from $3.87 per share in 2023, starting with the quarterly dividend payable on April 15, 2024. Our objective seeks to achieve dividend growth while maintaining our dividend payout ratio[2] within the target policy range of 65% to 75% of free cash flow and balancing our strategic business priorities. BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends are subject to the discretion of the BCE Board of Directors (BCE Board) and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or achieved, that the dividend on common shares will be increased or that dividends will be declared. As at December 31, 2023, our dividend payout ratio was 111%, compared to 108% at December 31, 2022, which is higher than our target policy range due to elevated capital expenditures compared to pre-2020 annual levels as we continued to make generational investments in our networks to support the buildout of our fibre, 5G and 5G+ network infrastructure. Although a significant reduction in capital expenditures is planned in 2024, due largely to government policy, they are expected to remain higher than pre-2020 annual levels.

In addition, free cash flow in 2024 will be adversely impacted by significantly higher severance payments related to workforce restructuring initiatives, higher interest paid and lower cash from working capital. As a result, BCE's dividend payout ratio will remain above our target policy range in 2024.

**To learn more** about our dividend growth and payout policy, see BCE 2023 Annual MD&A section 1.4, Capital markets strategy.

### Strong capital structure

BCE's balance sheet is underpinned by a healthy available liquidity position of $5.8 billion at the end of 2023, comprised of $547 million in cash, $225 million in cash equivalents, $1,000 million in short-term investments, $700 million available under our securitized receivables program and $3.3 billion available under our $3.5 billion committed revolving and expansion credit facilities, and an investment-grade credit profile, providing the company with a solid financial foundation and a high level of overall financial flexibility. BCE has an attractive long-term debt maturity profile with all 2024 maturities already pre-funded. We continue to monitor the capital markets for opportunities to lower our cost of debt and optimize our cost of capital. We seek to proactively manage financial risk in terms of currency exposure of our U.S. dollar-denominated purchases, as well as equity risk exposure under BCE's long-term equity-based incentive plans and interest rate and foreign currency exposure under our various debt instruments. We also seek to maintain investment-grade credit ratings with stable outlooks.

(1) Shareholder return is defined as the change in BCE's common share price for a specified period plus BCE common share dividends reinvested, divided by BCE's common share price at the beginning of the period.

(2) Dividend payout ratio is a non-GAAP ratio. It does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We define dividend payout ratio as dividends paid on common shares divided by free cash flow. Refer to section 11, Non-GAAP financial measures, other financial measures and key performance indicators (KPIs) of the BCE 2023 Annual MD&A for more information on this measure.

## Sustainable financing

In April 2021, Bell took a defining step in aligning its ESG objectives and intentions for future financings by publishing the BCE Inc. Sustainable Financing Framework, a first for a Canadian communications company. The framework guides our issuance of green, social and sustainability bonds or other sustainable financings by Bell. The proceeds of these financings are intended for a portfolio of eligible investments in any of the following 10 green and social categories: energy efficiency, eco-efficient production technologies and processes, pollution prevention and control, clean transportation, renewable energy, green buildings, climate adaptation, affordable basic infrastructure, access to essential services, emergency response and pandemic relief.

Sustainalytics, a leading ESG research and analysis firm, provided an independent second-party opinion that the BCE Inc. Sustainable Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018 and Green Loan Principles 2020. On May 28, 2021, Bell became the first Canadian communications company to issue a sustainability bond with the offering in Canada of $500 million, 2.20% MTN Debentures, Series M-56, maturing May 29, 2028. In March 2022, we reported on the full allocation of the net proceeds which were used to fund both environmental and social eligible investments. Bell is focused on creating financial growth that is aligned with our purpose while generating positive returns for our investors. This in turn is expected to drive long-term value creation for all stakeholders.

**To learn more,** see our Sustainable Financing Framework and Sustainable Bond Allocation report at BCE.ca.

In November 2022, Bell amended its existing $3.5 billion committed credit facilities to convert them to a sustainability-linked loan (SLL). The amendment introduces an annual pricing adjustment that reduces or increases the borrowing cost based on Bell's performance on two key annual sustainability performance targets related to the following Bell science-based GHG targets approved by the SBTi: i) Reducing absolute scope 1 and 2 GHG emissions 58% by 2030 from a 2020 base year; and ii) Reaching 64% of our suppliers by spend, covering purchased goods and services, having science-based targets by 2026.

In May 2023, Bell entered into its first Sustainability-Linked Derivatives (SLDs). The SLDs introduce a pricing adjustment that increases the derivatives' cost based on Bell's performance toward its science-based target to reduce its operational GHG emissions (Scope 1 and 2) of 58% by 2030 from a 2020 base year. Bell selected this sustainability performance target to support its objective to meet its science-based target for GHG emissions reduction by tying performance with financial costs. The sustainability performance target will be measured as of 2030 and a limited assurance review of Bell's target will be performed by an independent third party.

In September 2023, Bell amended its existing Cdn $2.3 billion securitization program to add sustainability-linked pricing. The amendments introduce an annual pricing adjustment that reduces or increases the borrowing cost based on Bell's performance of two key annual sustainability performance targets related to the following Bell science-based targets for GHG emissions reduction and supplier engagement: i) Reducing absolute scope 1 and 2 GHG emissions 58% by 2030 from a 2020 base year; and ii) Reaching 64% of our suppliers by spend, covering purchased goods and services, having science-based targets by 2026.

These 2022 and 2023 initiatives underscore Bell's ongoing focus on ESG objectives by tying our performance on these key targets to our cost of financing. They also build credibility on Bell's efforts to meet its ESG performance targets.

## Capital expenditures

We expanded our fibre network to an additional 633,000 locations this past year. Our award-winning 5G network covered 86% of Canadians by the end of 2023, with 5G+ available to 51% of the national population. We now offer multi-gig symmetrical Internet speeds of three gigabits-per-second in 6.5 million locations, a competitive advantage that our cable competitors cannot match across their entire footprints. Our performance and quality edge over cable is reflected in our Internet subscriber metrics. We also secured the most 5G+ spectrum nationwide in the federal government's 3500 and 3800 MHz spectrum auctions, recently securing the acquisition of 939 licenses for 3800 MHz spectrum, and acquired at a total cost that was the lowest among national wireless carriers.

Bell's leadership in the deployment of new and innovative networks and services is a direct result of our investment in research and development (R&D), which enables us to continue providing our customers with products and services that are among the most advanced in the world. At the same time, R&D allows us to adopt new technologies that better support our own operations, champion the customer experience, and drive growth with innovative services. In 2023, Bell's R&D spending was $684 million in capital expenditures and $90 million in operating expenses. Bell continues to collaborate with industry partners to drive innovation and create long-term value for Canadians. This includes support for university research to drive innovation in 5G, AI and cybersecurity, helping to deliver a stream of innovative technology to Canadian homes and businesses.

**To learn more** about our capital expenditures, refer to our BCE 2023 Annual MD&A.

# Climate-related risks and opportunities disclosures summary

BCE welcomes the increased demand from our stakeholders for transparency regarding our climate-related risks and opportunities. We also believe it is important to detail how related risks and opportunities can affect our business. As a result, we report on climate-related information in accordance with the recommendations from the Task Force on Climate-related Financial Disclosures in our Climate action report. A summary of our climate-related risks and opportunities is described below.

**To learn more** about our approach to climate-related risks and opportunities, please see the following links:

— Climate action report, in alignment with the TCFD recommendations

— Section 1.5 of the MD&A and section 6.2 of BCE's Management Proxy Circular – Climate change governance

## Governance GRI 2-9, 2-13

The Board of Directors has established clear lines of authority and oversight over our climate-related risks and opportunities, with primary accountability at the Board committee level. The management and oversight of climate-related matters have been integrated into the roles and responsibilities of executives, management and other team members. Remuneration is linked to the successful delivery of our corporate-wide climate change strategy through the evaluation of progress against climate-related objectives and targets.

## Strategy

At BCE, we believe companies across all sectors must take action and seek to reduce and neutralize their carbon footprint. This collective effort is needed to hold global warming to well below 2°C, and preferably limit it to 1.5°C above pre-industrial (1850–1900) levels.

Beyond reducing GHG emissions, Bell continues to enhance and prepare its adaptation measures to face the impacts of climate change by increasing corporate climate resiliency. That's why we assess our climate-related risks and opportunities and their impacts on our businesses, strategy, financial planning and overall resilience.

In alignment with the TCFD recommendations, we categorize climate-related risks into transition and physical risks, and identify climate-related transition opportunities. Transition risks are associated with the transition to a lower-carbon economy. This may include extensive regulatory, technology, and market changes needed to address mitigation and adaptation requirements related to climate change. Physical risks are associated with the physical impacts from a changing climate and can either be event-driven (acute) or longer-term shifts (chronic) in climate patterns. For the purpose of disclosures recommended by the TCFD, we have focused on seven main risks, and five opportunities.

### Climate-related risks and opportunities GRI 201-2

#### Transition risks & opportunities

| | Risks | Opportunities |
|---|---|---|
| Regulation – Carbon pricing | We are impacted by current regulations, as the power providers we rely on are subject to carbon pricing and are expected to transfer carbon costs to their customers.<br>We expect our operating costs to increase as energy prices continue to rise across Canada. | Customers targeted by carbon pricing schemes are expected to seek products and services that will enable them to cut GHG emissions.<br>The Internet of Things is one of our major carbon reduction enablers, facilitating solutions such as smart cities, smart buildings, smart roads, smart operations, and smart field work. |
| Technology | Our customers are upgrading their devices more frequently, leading to an increase in e-waste. To address this, we are setting e-waste recovery targets and increasing opportunities to return mobile phones.<br>We expect our operating costs to increase as a result of managing the program to recover, treat, and dispose of e-waste. | The increased frequency and severity of extreme weather conditions resulting from climate change could present an increased demand for our products and services, which can improve their businesses' resiliency. Teleworking and teleconferencing solutions allow our clients to work from anywhere and minimize their need for business travel. |

| | Risks | Opportunities |
|---|---|---|
| Market | The transition to a low-carbon economy is likely to shift supply and demand for energy, whereby energy supply could decrease and energy prices would subsequently increase. We expect our operating costs to increase as a result of this shift. | Protecting our assets to prevent service disruptions is key to a resilient network. Proactively communicating our efforts can increase our ability to acquire new customers and retain the ones we have. |
| Reputation (customer perception) | Service disruptions due to the impacts of climate change could have an adverse effect on our ability to provide key communication services, potentially jeopardizing customer satisfaction and damaging our overall reputation.<br>Failing to demonstrate proactive climate change mitigation efforts may result in decreased demand for our products and services. | Our efforts to reduce our environmental footprint offer an opportunity for Bell to distinguish itself from competitors, potentially increasing demand for our products and services. This can also positively influence our brand value and reputation. |
| Reputation (ESG ratings) | Investors increasingly use ESG ratings to inform their investment decisions. Our ESG performance is largely influenced by our climate-related disclosures and our ability to meet our climate-related targets. Failure to consistently disclose our engagement and progress in fighting climate change or other ESG-related performance metrics, as well as experiencing a decline in our ESG ratings over time, all pose a risk of negative investor perception. This could lead to an increased cost of capital. | Transparent disclosure and strong climate-related performance could enhance our ESG ratings, which could decrease our cost of capital. |

## Physical risks

| | |
|---|---|
| Acute impacts (extreme weather events) | Global scientific evidence suggests that climate change will increase both the frequency and severity of extreme weather events. This will include such events as flooding, ice storms and wildfires, among others. These could have a destructive impact on our communications network infrastructure and in turn affect our ability to deliver services that are critical to our customers and society.<br>A service disruption due to extreme weather events could lead to financial impacts including an increase in operating costs from maintenance and repairs, labour, heating and cooling, and equipment damage. Our insurance premiums could increase, or we could face reduced insurability in high-risk areas. Furthermore, this could jeopardize customer satisfaction and may result in a decrease in revenues |
| Chronic impacts (rising mean temperatures) | Anthropogenic global warming has already reached about 1.1°C above pre-industrial levels, and is expected to reach 1.5°C over the next 20 years, according to the IPCC AR6. In Canada, the average annual temperatures have increased by 1.9°C (over the period of 1948–2021) and are expected to keep rising(1). If average temperatures in Bell's operating regions fluctuate year-over-year, wether consistently cooler or warmer, HVAC capacities at facilities will have to increase accordingly. This will increase our energy consumption and associated operational costs for investments in our infrastructure. |

(1) From Government of Canada's website: Temperature change in Canada.

### Climate scenario analysis

To enhance our resiliency to climate-related risks and inform our strategic planning, we completed a climate scenario analysis exercise that estimated the potential financial impacts of relevant climate-related risks and opportunities. We initiated our first climate scenario analysis exercise in 2020 and updated the analysis in 2021 to reflect updated IPCC (Intergovernmental Panel on Climate Change) conclusions from its Sixth Assessment Report (AR6) and to update the transition risks and opportunities. Our climate-related scenario analysis reflects the latest IPCC conclusions that estimates the chances of crossing the global warming level of 1.5°C in the next decade.

The qualitative and quantitative climate scenario analysis studied a number of future emissions pathway scenarios. The analysis took into consideration low and high temperature warming scenarios for both physical and transition risks over a short (five-year), medium (10-year) and long-term (20-year) time horizon. We selected and used six distinct scenarios in our analysis.

Our scenario analysis included the following climate-related risks, which we estimated could have potential financial impacts on our business:

— Physical risks: Flooding, wildfires, ice storms and temperature changes

— Transition risks: Regulation and reputation.

The results of the scenario analysis were provided to BCE's Health, Safety, Security, Environment and Compliance (HSSEC) Oversight Committee, Corporate Governance Committee (CGC) and Risk Pension Fund Committee (RPFC). This enables these committees to review estimated potential financial impacts from climate change and equips them with the information needed to incorporate climate-related risks and opportunities into future decision-making and strategic planning.

# Risk management

BCE's processes for identifying, assessing and managing climate-related risks are integrated into our multidisciplinary, company-wide risk identification, assessment and management processes.

## Identification and assessment of climate-related risks

The Corporate Responsibility and Environment (CR&E) team monitors industry trends and publications, consults with subject matter experts and works collaboratively with BCE's Risk Advisory Services (RAS) team. Through this, the team seeks to ensure that risks are appropriately documented and profiled within the organization. Identified risks are assessed based on a number of criteria. This includes the potential nature, scale and scope of impact if the risk were to occur. The likelihood of occurrence is also assessed, predicated on a combination of the level of threat posed to the organization by the risk, and the organization's vulnerability to a related risk event.

### Internal reporting of climate-related risks

Risk exposures for climate-related risks are communicated by the CR&E team internally as part of standard management practices, with regular oversight review at HSSEC Committee meetings, and quarterly by the RPFC. Our climate risk reporting framework is based on the TCFD risk classification framework. A risk analysis report covering Bell's most prominent risks is generated and provided annually to the Board of Directors.

# Metrics and targets

As one of Canada's largest employers, we are driven to play a role in mitigating the growing impacts of climate change, which is why we've been on this journey for the past 20 years and have set milestones within the next few years to track our progress.

**To learn more** about our targets and performance, refer the section on Our environment in this Strategic overview.

**To learn more** about our opportunity metrics and targets, along with our GHG abatement ratio tracking the transition to a lower carbon economy enabled by the use of Bell's technological solutions, refer to the section on Our products and services in this Strategic overview.

# Issues impacting value

The following section provides a high-level overview of some of our principal business risks that could have a material adverse effect on our business, financial condition, liquidity, financial results or reputation. We also detail below our approach to dealing with these risks. Although we believe the measures taken to manage risks are reasonable, there are inherent limitations to such measures. There can be no expectation or assurance that they will effectively address or mitigate such risks. Our business is subject to inherent risks and uncertainties, and the risks described below are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, liquidity, financial results or reputation. The actual effect of any event could be materially different from what we currently anticipate. Readers should refer to section 9, Business risks of the BCE 2023 Annual MD&A for a more detailed discussion of these risks. Readers should also refer to the section entitled "Caution regarding forward-looking statements" on page 6 of this Strategic overview.

| Risk factors | Description | Management activities | Capitals |
|---|---|---|---|
| Regulatory environment and compliance | Regulatory initiatives, proceedings and decisions, government consultations and government positions affect us and influence our business<br>Inability to build and operationalize enhanced compliance frameworks and comply with legal and regulatory obligations; unfavourable resolution of legal proceedings | We actively participate in the public consultations by governments and regulatory bodies on issues of importance to our businesses. We seek to demonstrate the value of a policy and regulatory climate that supports investments in Canada and recognizes the long-term benefits to Canadians of facilities-based competition<br>We inform stakeholders of the benefits we provide to local communities including employment, connectivity to world-class networks and services, and access to news, information and entertainment<br>We aim to enhance our compliance frameworks, including through internal steering committees and employee awareness and training on emerging and evolving legal and regulatory obligations | Our networks<br>Our customers and relationships<br>Our products and services<br>Our environment<br>Our people<br>Our financial resources |
| Competitive environment | Intensity of competitive activity and an evolving competitive dynamic, including from regulatory decisions, technological substitution, acquisitions by competitors and the expansion of alternative service providers with variable scale, coverage and technologies, all contributing to disruptions in each of our business segments | We invest in and leverage our networks and technology, our suite of products and services and our relationships to build and maintain a strong customer value proposition while seeking to expand our market presence<br>We have a disciplined strategic planning process which seeks to address changing market dynamics in relation to traditional and new markets<br>We aim to establish differentiation against traditional and new competitors, leveraging acquisitions and strategic partnerships to serve our customers | Our networks<br>Our products and services<br>Our financial resources |
| Technology/ infrastructure transformation | Failure to evolve and transform our networks, systems and operations using next-generation technologies, while lowering our cost structure<br>The inability to increase network resiliency to withstand climate-related disruptions, extreme weather and natural disasters | We are making significant investments in next-generation networks and technologies which aim to support our transformation from a traditional telecommunication companies to a technology services and digital media company. These investments seek to broaden our reach, streamline and simplify systems and processes, and bring continuous innovation and improvements to the products and services we offer. We also leverage acquisitions and strategic partnerships with a holistic focus on seeking to enhance customer value and improve our underlying cost structure | Our networks<br>Our customers and relationships<br>Our products and services<br>Our financial resources |

| Risk factors | Description | Management activities | Capitals |
|---|---|---|---|
| Customer experience | Inability to drive a positive customer experience in all aspects of our engagement with customers | Championing the customer experience is a Bell strategic imperative and is central to our choice of strategic investments and operating principles and practices<br>We constantly seek to innovate in the ways we deliver service and support. This includes improvements to the range and capabilities of our online self-serve and support options, and the deployment of innovative tools that use artificial intelligence and machine learning technologies | Our networks<br>Our customers and relationships<br>Our products and services |
| Security management and data governance | Inability to protect our physical and non-physical assets from events such as information security attacks and unauthorized access or entry<br>Failure to implement effective security and data governance frameworks | We have a well-developed information security strategy which guides our investments in the implementation of prevention, detection and response programs aimed at protecting our assets against cyber threats<br>Our security programs also seek to protect our extensive portfolio of physical assets in relation to unauthorized access, structural damage and business continuity<br>Our data governance program covers privacy, information security, data access management and records management, and we have implemented mandatory information security and data governance training for all employees | Our networks<br>Our customers and relationships<br>Our products and services<br>Our people<br>Our financial resources |
| People | Failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives and high-tech transformation<br>Workforce disruptions and failure to maintain positive labour relations | We strive to be an employer of choice. Our Employee Value Proposition is designed to empower our team members to make an impact, immerse themselves in opportunities and belong. We offer a variety of employee programs that focus on engagement, health and well-being, DEIB objectives and performance. We invest in effective talent management strategies and development programs for high-potential leaders, as well as mentoring, coaching and sponsorship. In addition, our recruitment strategies actively focus on diversifying our talent community by partnering with various organizations to promote diversity and holding virtual recruitment events to engage potential candidates | Our people |
| Operational performance | Failure to maintain operational networks and to implement or maintain effective processes and IT systems<br>Events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade our networks, IT systems, equipment and other facilities | We focus on delivering high-quality reliable services across our networks and service portfolios through performance monitoring, proactive maintenance and strategic redundancy<br>We seek to improve network and technology performance to maximize efficiencies, considering availability, cost and the environment<br>We perform assessments of critical assets and carry out continuous business impact assessments of key functions and backup planning to support smooth operations | Our networks<br>Our products and services<br>Our financial resources |

| Risk factors | Description | Management activities | Capitals |
|---|---|---|---|
| Financial management | Inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements, fund capital expenditures and provide for planned growth<br>Failure to lower our cost structure<br>Failure to adequately manage our exposure to financial risks and risks related to tax amounts, contributions to post-employment benefit plans, and fraudulent activities | We have implemented financial management systems and practices to monitor our liquidity levels and our access to capital. We seek to protect against material economic exposures and financial risks<br>We further implement targeted initiatives as we seek to optimize our cost structure | Our networks<br>Our products and services<br>Our financial resources |
| Supply chain | Our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of products and services we need<br>Failure of our supplier selection, governance and oversight processes and the extent to which our products and services may fail to comply with applicable standards | We have a supplier risk management program that aims to profile and manage ongoing risk exposure in key supplier arrangements. We work with suppliers to develop appropriate remedial strategies when issues are uncovered<br>We seek to address supply chain constraints by actively managing inventory levels and implementing the appropriate sourcing responses | Our networks<br>Our customers and relationships<br>Our products and services<br>Our environment<br>Our financial resources |
| Reputation and environmental, social and governance practices | Reputational risks and the inability to meaningfully integrate ESG considerations into our business strategies and operations, or to achieve our ESG performance targets<br>Failure to take appropriate action to adapt to current and emerging environmental impacts, including climate change<br>Pandemics, epidemics and other health risks<br>Failure to develop and implement strong corporate governance practices and adequately manage social issues | We seek to integrate ESG into our business strategies and brand value proposition<br>We have set targets against certain ESG topics that we monitor. Some of those targets are linked to compensation. We have implemented initiatives that aim to improve ESG performance, and enhanced our ESG public disclosures<br>We have established clear lines of authority over, and oversight of, our corporate responsibility programs and our approach to ESG practices with primary accountability at the Board level<br>We implement various preventative measures to address health and environmental risks<br>We have implemented corporate governance practices, including through our Code of Business Conduct, as well as policies and systems seeking to monitor and address legal exposure | Our networks<br>Our customers and relationships<br>Our products and services<br>Our environment<br>Our people |

# Management's discussion and analysis

## Table of contents

In this management's discussion and analysis (MD&A), *we*, *us*, *our*, *BCE* and *the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., Bell Canada, their subsidiaries, joint arrangements and associates. *Bell* means, as the context may require, either Bell Canada or, collectively, Bell Canada, its subsidiaries, joint arrangements and associates.

All amounts in this MD&A are in millions of Canadian dollars, except where noted. Please refer to section 11, *Non-GAAP financial measures, other financial measures and key performance indicators (KPIs)* for a list of defined non-GAAP financial measures, other financial measures and KPIs.

Please refer to BCE's audited consolidated financial statements for the year ended December 31, 2023 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 7, 2024, the date of this MD&A, unless otherwise stated.

You will find additional information relating to BCE, including BCE's audited consolidated financial statements for the year ended December 31, 2023, BCE's annual information form for the year ended December 31, 2023, dated March 7, 2024 (BCE 2023 AIF) and recent financial reports, on BCE's website at **BCE.ca**, on SEDAR+ at **sedarplus.ca** and on EDGAR at **sec.gov**.

Documents and other information contained in BCE's website or in any other site referred to in BCE's website or in this MD&A are not part of this MD&A and are not incorporated by reference herein.

This MD&A comments on our business operations, performance, financial position and other matters for the two years ended December 31, 2023 and 2022.

## Caution regarding forward-looking statements

This MD&A and, in particular, but without limitation, section 1.3, *Key corporate developments*, section 1.4, *Capital markets strategy*, section 1.6, *Capitals and our corporate responsibility*, section 2, *Strategic imperatives*, section 3.2, *Business outlook and assumptions*, section 5, *Business segment analysis* and section 6.7, *Liquidity*, contain forward-looking statements. These forward-looking statements include, without limitation, statements relating to our projected financial performance for 2024, BCE's dividend growth objective, 2024 annualized common share dividend and dividend payout ratio level, and dividend payout policy target, BCE's anticipated capital expenditures and network deployment plans, BCE's financial policy target, the cost savings and other benefits expected to result from workforce reductions as well as estimated related severance payments, the sources of liquidity we expect to use to meet our 2024 cash requirements, our expected post-employment benefit plans funding, the expected timing and completion of the proposed acquisition of the Canadian out-of-home media business of OUTFRONT Media Inc. and the benefits expected to result therefrom, our environmental, social and governance (ESG) objectives, which include, without limitation, our objectives concerning diversity, equity, inclusion and belonging (DEIB), our targeted reductions in the level of our greenhouse gas (GHG) emissions including, without limitation, our carbon neutrality (scope 1 and 2 only) target and our science-based targets, our objectives concerning reductions in waste to landfill, community investment, privacy and information security, corporate governance and ethical business conduct, BCE's business outlook, objectives, plans and strategic priorities, and other statements that do not refer to historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *project*, *strategy*, *target*, *commitment* and other similar expressions or future or conditional verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *seek*, *should*, *strive* and *will*. All such forward-looking statements are made pursuant to the safe harbour provisions of applicable Canadian securities laws and of the United States (U.S.) *Private Securities Litigation Reform Act of 1995*.

Unless otherwise indicated by us, forward-looking statements in this MD&A describe our expectations as at March 7, 2024 and, accordingly, are subject to change after that date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

We have made certain economic, market, operational and other assumptions in preparing the forward-looking statements contained in this MD&A, and, in particular, but without limitation, the forward-looking statements contained in the previously mentioned sections of this MD&A. These assumptions include, without limitation, the assumptions described in the various sub-sections of this MD&A entitled *Assumptions*, which sub-sections are incorporated by reference in this cautionary statement. Subject to various factors, we believe that our assumptions were reasonable at March 7, 2024. If our assumptions turn out to be inaccurate, actual results or events could be materially different from what we expect.

Important risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements and other forward-looking statements contained in this MD&A, include, but are not limited to: the negative effect of adverse economic conditions, including a potential recession, elevated inflation, high interest rates and financial and capital market volatility, and the resulting negative impact on business and customer spending and the demand for our products and services; the negative effect of adverse conditions associated with geopolitical events; regulatory initiatives, proceedings and decisions, government consultations and government positions that negatively affect us and influence our business including, without limitation, concerning mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, privacy and cybersecurity obligations and control of copyright piracy; the inability to implement enhanced compliance frameworks and to comply with legal and regulatory obligations; unfavourable resolution of legal proceedings; the intensity of competitive activity and the failure to effectively respond to evolving competitive dynamics; the level of technological substitution and the presence of alternative service providers contributing to disruptions and disintermediation in each of our business segments; changing customer behaviour and the expansion of cloud-based, over-the-top (OTT) and other alternative solutions; advertising market pressures from economic conditions, fragmentation and non-traditional/global digital services; rising content costs and challenges in our ability to acquire or develop key content; high Canadian Internet and smartphone penetration; the failure to evolve and transform our networks, systems and operations using next-generation technologies while lowering our cost structure, including the failure to transition from a traditional telecommunications company to a tech services and digital media company and meet customer expectations of product and service experience; the inability to drive a positive customer experience; the inability to protect our physical and non-physical assets from events such as information security attacks, unauthorized access or entry, fire and natural disasters; the failure to implement an effective data governance framework; the failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives and high-tech transformation; the potential deterioration in employee morale and engagement resulting from staff reductions, cost reductions or reorganizations and the de-prioritization of transformation initiatives due to staff reductions, cost reductions or reorganizations; the failure to adequately manage health and safety concerns; labour disruptions and shortages; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; service interruptions or outages due to network failures or slowdowns; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, information technology (IT) systems, equipment and other facilities; the failure by other telecommunications carriers on which we rely to provide services to complete planned and sufficient testing, maintenance, replacement or upgrade of their networks, equipment and other facilities, which could disrupt our operations including through network or other infrastructure failures; the complexity of our operations and IT systems and the failure to implement or maintain highly effective processes and IT systems; in-orbit and other operational risks to which the satellites used to provide our satellite television (TV) services are subject; the inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements, fund capital expenditures and provide for planned growth; uncertainty as to whether dividends will be declared or the dividend on common shares will be increased by BCE's board of directors; the failure to reduce costs and adequately assess investment priorities, as well as unexpected increases in costs; the inability to manage various credit, liquidity and market risks; the failure to evolve practices to effectively monitor and control fraudulent activities; new or higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits; the impact on our financial statements and estimates from a number of factors; pension obligation volatility and increased contributions to post-employment benefit plans; our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need; the failure of our vendor selection, governance and oversight processes, including our management of supplier risk in the areas of security, data governance and responsible procurement; the quality of our products and services and the extent to which they may be subject to defects or fail to comply with applicable government regulations and standards; reputational risks and the inability to meaningfully integrate ESG considerations into our business strategy and operations; the failure to take appropriate actions to adapt to current and emerging environmental impacts, including climate change; pandemics, epidemics and other health risks, including health concerns about radio frequency emissions from wireless communications devices and equipment; the inability to adequately manage social issues; the failure to develop and implement sufficient corporate governance practices; the adverse impact of various internal and external factors on our ability to achieve our ESG targets including, without limitation, those related to GHG emissions reduction and DEIB.

These and other risk factors that could cause actual results or events to differ materially from our expectations expressed in, or implied by, our forward-looking statements are discussed in this MD&A and, in particular, in section 9, *Business risks* of this MD&A.

Forward-looking statements contained in this MD&A for periods beyond 2024 involve longer-term assumptions and estimates than forward-looking statements for 2024 and are consequently subject to greater uncertainty. Forward-looking statements for periods beyond 2024 further assume, unless otherwise indicated, that the risks described above and in section 9, *Business risks* of this MD&A will remain substantially unchanged during such periods.

We caution readers that the risk factors described above and in the previously-mentioned section and in other sections of this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, liquidity, financial results or reputation. We regularly consider potential acquisitions, dispositions, mergers, business combinations, investments, monetizations, joint ventures and other transactions, some of which may be significant. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any such transactions or of special items that may be announced or that may occur after March 7, 2024. The financial impact of these transactions and special items can be complex and depends on facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

# 1 Overview

In 2022, we began modifying our internal and external reporting processes to align with organizational changes that were made to reflect an increasing strategic focus on multiproduct sales, the continually increasing technological convergence of our wireless and wireline telecommunications infrastructure and operations driven by the deployment of our Fifth Generation (5G) and fibre networks, and our digital transformation. These factors have made it increasingly difficult to distinguish between our wireless and wireline operations and resulted in changes in Q1 2023 to the financial information that is regularly provided to our chief operating decision maker to measure performance and allocate resources.

Effective with our Q1 2023 results, our previous Bell Wireless and Bell Wireline operating segments were combined to form a single reporting segment called Bell Communication and Technology Services (Bell CTS). Bell Media remains a distinct reportable segment and is unaffected. As a result of our reporting changes, prior periods have been restated for comparative purposes.

## 1.1 Introduction

### At a glance

BCE is Canada's largest communications company [1], providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. BCE's shares are publicly traded on the Toronto Stock Exchange and on the New York Stock Exchange (TSX, NYSE: BCE).

Our results are reported in two segments: Bell CTS and Bell Media.

Bell CTS provides a wide range of communication products and services to consumers, businesses and government customers across Canada. Wireless products and services include mobile data and voice plans and devices and are available nationally. Wireline products and services comprise data (including Internet access, Internet protocol television (IPTV), cloud-based services and business solutions), voice, and other communication services and products, which are available to our residential, small and medium-sized business and large enterprise customers primarily in Ontario, Québec, the Atlantic provinces and Manitoba, while satellite TV service and connectivity to business customers are available nationally across Canada. In addition, this segment includes our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers, as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Subsequent to year end, Bell Canada announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In addition, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

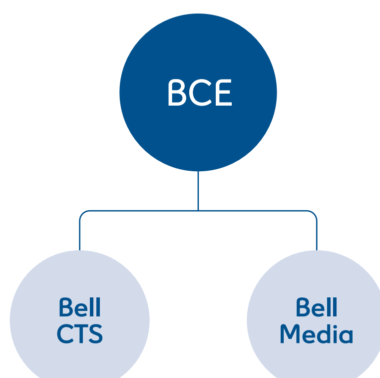
Bell Media provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) and advanced advertising services to customers nationally across Canada. Revenues are derived primarily from advertising and subscriber fees.

We also hold investments in a number of other assets, including:

- a 37.5% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE)
- a 50% indirect equity interest in Glentel Inc. (Glentel)
- a 20.2% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club, evenko and the Bell Centre in Montréal, Québec, as well as Place Bell in Laval, Québec

**BCE** is Canada's largest communications company

**BCE's business segments**
At December 31, 2023




(1) *Based on total revenue and total combined customer connections.*

## Our purpose

BCE's purpose is to advance how Canadians connect with each other and the world. Our strategy builds on our longstanding strengths in networks, service innovation and content creation, and positions the company for continued growth and innovation leadership. Our primary business objectives are to grow our subscriber base profitably and to maximize revenues, operating profit, free cash flow and return on invested capital by further enhancing our position as the foremost provider in Canada of comprehensive communications services to residential, business and wholesale customers, and as Canada's leading content creation company. We seek to take advantage of opportunities to leverage our networks, infrastructure, sales channels, and brand and marketing resources across our various lines of business to create value for our customers and other stakeholders.

Our strategy is centred on our disciplined focus and execution of six strategic imperatives that position us to deliver continued success in a fast-changing communications marketplace. The six strategic imperatives that underlie BCE's business plan are:

**Bell's six strategic imperatives**

- Build the best networks
- Drive growth with innovative services
- Deliver the most compelling content
- Champion customer experience
- Operate with agility and cost efficiency
- Engage and invest in our people and create a sustainable future

We have begun our journey to modernize from a traditional telecommunications company (telco) to a technology services and digital media company (collectively referred to as techco). Innovation is driving customer expectations for enhanced user experiences, improved customer service, and faster market responses, all of which are improved by our transformation to a techco. Our evolution to a techco takes a customer-first approach and specifically sets out to deliver incremental value to our customers:

- Ability for customers to enjoy our products, services, and content on any device in any location
- Enable customers to be served on their timeline through simple sales and support interactions across the channel of their choosing (e.g., online, call centre, store)
- Access to new and better products, services and solutions on an accelerated basis tailored to meet customers' evolving needs and expectations

To support and accelerate this evolution, we launched a multi-year operational transformation project to modernize our operations, increase productivity, build tech talent and materially right-size our cost base.

## Our alignment to the International Integrated Reporting Framework

Following the principles of the International Integrated Reporting Framework (<IR> Framework), now part of the International Financial Reporting Standards Foundation, Bell released, concurrently with this MD&A, an Integrated Annual Report which contains a strategic overview outlining our sustainable value creation process. This strategic overview discloses how we seek to generate sustainable value for our stakeholders as the result of our business operations, guided by our strategic imperatives and use of capitals. Our capitals are outlined below and serve as inputs that are transformed through our business strategy and strategic imperatives resulting in outcomes that seek to create value for our stakeholders over time.

**Our networks**
Reliable, accessible and affordable world-class broadband fibre and wireless networks.

**Our customers and relationships**
Strong relationships with customers, communities and suppliers.

**Our products and services**
Innovative and compelling products, services and media content addressing societal demands.

**Our environment**
Responsible environmental management throughout our operations.

**Our people**
Skilled, engaged and diverse team members.

**Our financial resources**
Capital from our investors, returns on our investments and free cash flow generated from our operations.

To increase the connectivity of information, we have incorporated the icons representing our six capitals described above throughout this MD&A to highlight the respective linkage between our capitals and the topics discussed.

## BCE 2023 consolidated results

| Operating revenues | Net earnings | Adjusted EBITDA [1] |
|---|---|---|
| $24,673 million | $2,327 million | $10,417 million |
| 2.1% vs. 2022 | (20.5%) vs. 2022 | 2.1% vs. 2022 |

| Net earnings attributable to common shareholders | Adjusted net earnings [1] | Cash flows from operating activities | Free cash flow [1] |
|---|---|---|---|
| $2,076 million | $2,926 million | $7,946 million | $3,144 million |
| (23.6%) vs. 2022 | (4.3%) vs. 2022 | (5.0%) vs. 2022 | 2.5% vs. 2022 |

## BCE customer connections

| Total mobile phones [3] | Retail high-speed Internet [2] [4] [5] | Retail TV [2] [5] | Retail residential network access services (NAS) lines [2] [5] |
|---|---|---|---|
| +3.4% | +5.0% | (1.0%) | (7.7%) |
| 10.3 million subscribers at the end of 2023 | 4.5 million subscribers at the end of 2023 | 2.7 million subscribers at the end of 2023 | 2.0 million subscribers at the end of 2023 |

(1) *Adjusted EBITDA is a total of segments measure, and adjusted net earnings and free cash flow are non-GAAP financial measures. See section 11.3,* Total of segments measures *and section 11.1,* Non-GAAP financial measures *in this MD&A for more information on these measures.*

(2) *In Q2 2023, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 35,080, 243 and 7,458 subscribers, respectively, as a result of small acquisitions.*

(3) *In Q1 2023, we adjusted our mobile phone postpaid subscriber base to remove older non-revenue generating business subscribers of 73,229.*

(4) *In Q1 2023, subsequent to a review of customer account records, our retail high-speed Internet subscriber base was reduced by 7,347 subscribers.*

(5) *In Q4 2022, as a result of the acquisition of Distributel Communications Limited (Distributel), our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 128,065, 2,315 and 64,498 subscribers, respectively.*

# 1.2 About BCE

Our 2023 results are reported in two segments: Bell CTS and Bell Media. We describe our products and services by segment in this section, to provide further insight into our operations.

## Our products and services

Our networks    Our products and services

### Bell CTS

#### Segment description

- Provides a wide range of communication products and services to consumers, businesses and government customers across Canada.
- Wireless products and services include mobile data and voice plans and devices and are available nationally.
- Wireline products and services comprise data (including Internet access, IPTV, cloud-based services and business solutions), voice, and other communication services and products, which are available to our residential, small and medium-sized business and large enterprise customers primarily in Ontario, Québec, the Atlantic provinces and Manitoba, while satellite TV service and connectivity to business customers are available nationally across Canada.
- Includes our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers, and the wireline operations of Northwestel Inc. (Northwestel), which provides telecommunications services in Canada's Northern Territories.
- Includes the results of operations of our national consumer electronics retailer, The Source. Subsequent to year end, Bell Canada announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In addition, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

#### Our brands include

Bell, Bell Aliant, Bell MTS, Fibe™, Virgin plus, lucky mobile, NorthwesTel, The Source™

#### Our networks and reach

We hold wireless spectrum licences, with holdings across various spectrum bands and regions across Canada, totalling more than 6.4 billion megahertz per population (MHz-Pop), corresponding to an average of approximately 182 megahertz (MHz) of spectrum per Canadian (1).

The vast majority of our cell towers are connected with fibre, the latest network infrastructure technology, for a faster and more reliable connection.

Our Fourth Generation (4G) Long-term Evolution (LTE) nationwide wireless broadband network is compatible with global standards and delivers high-quality and reliable voice and high-speed data services coast to coast to virtually all of the Canadian population. 5G and 5G+ are the next generation of wireless technology, offering faster speeds and lower latency. Our LTE network will be the backbone for our 5G network as it expands across Canada.

- LTE coverage of over 99% of Canada's population, with LTE Advanced (LTE-A) covering 95% of Canada's population, and 5G coverage of 86% of Canada's population, with 5G+ covering 51% of Canada's population at December 31, 2023
- Peak theoretical mobile data access download speeds: 5G+, up to 3 gigabit(s) per second (Gbps) in select markets; 5G, up to 1.7 Gbps (average expected speeds of 89 to 705 megabits per second (Mbps) in markets across Canada); LTE-A, up to 1.5 Gbps (average expected speeds of 25 to 325 Mbps) in markets across Canada; LTE, up to 150 Mbps (expected average speeds of 18 to 40 Mbps); high-speed packet access plus (HSPA+), up to 42 Mbps (expected average speeds of 7 to 14 Mbps) (2)
- Reverts to LTE/LTE-A technology and speeds when customers are outside 5G and 5G+ coverage areas
- Bell also operates a LTE-category M1 (LTE-M) network, which is a subset of our LTE network, supporting low-power Internet of Things (IoT) applications with enhanced coverage, longer device battery life and enabling lower costs for IoT devices connecting to Bell's national network. Our LTE-M network is available in most Canadian provinces.
- Extensive local access network in Ontario, Québec, the Atlantic provinces and Manitoba, as well as in Canada's Northern Territories
- Fibre-to-the-premise (FTTP) footprint covering over 7 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba

(1) *Bell secured the right to acquire 3800 MHz spectrum licences in the auction completed in November 2023, which will increase our overall wireless spectrum holdings to more than 8.2 billion MHz-Pop, corresponding to an average of approximately 234 MHz of spectrum per Canadian.*

(2) *Network speeds vary with location, signal and customer device. Compatible device required.*

- Wireless-to-the-premise (WTTP) footprint covering approximately 1 million locations primarily in rural areas. WTTP is 5G-capable fixed wireless technology delivered over Bell's LTE wireless network that provides broadband residential Internet access to smaller and underserved communities.
- Largest Internet protocol (IP) multi-protocol label switching footprint of any Canadian provider, enabling us to offer business customers a virtual private network (VPN) service for IP traffic and to optimize bandwidth for real-time voice and TV

We have approximately 9,000 retail points of distribution across Canada, including approximately 1,000 Bell, Virgin Plus, Lucky Mobile (Lucky) and The Source locations, as well as Glentel-operated locations (WIRELESSWAVE, Tbooth wireless and WIRELESS etc.) and other third-party dealer and retail locations. Subsequent to year end, we announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In addition, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

## Our wireless products and services

- **Data and voice plans:** From plans focused on affordability to premium services, we have plans that cater to all customer segments, available on either postpaid or prepaid options, including unlimited data, shareable, device financing plans and Connect Everything plans. Our services provide fast Internet access for video, social networking, messaging and mobile applications, as well as a host of call features.
- **Specialized plans:** for tablets, smartwatches, Connected Car, mobile Internet, trackers, laptops and security cameras
- **Extensive selection of devices:** the latest 5G and 5G+ smartphones, tablets, smartwatches, mobile Internet devices and connected things (Bell Connected Car, trackers, connected home, lifestyle and virtual reality)
- **Travel:** international roaming in over 230 destinations, with LTE roaming in 211 destinations and 5G roaming in 87 destinations
- **Mobile business solutions:** push-to-talk, field service management, worker safety and mobility management
- **IoT solutions:** fleet management, asset management, smart supply chain, building and site management, municipal operations, integrated smart city ecosystem with Esri

## Our wireline products and services

### Residential

- **Internet:** high-speed Internet access through fibre-optic broadband technology, 5G-capable WTTP technology or digital subscriber line (DSL) with a wide range of options, including reliable Wi-Fi, unlimited usage, security services and mobile Internet. Our Internet service, marketed as Fibe Internet, offers symmetrical download and upload speeds of up to 3 Gbps with FTTP, or download speeds of up to 100 Mbps with Fibre-to-the-node (FTTN), while our Wireless Home Internet (WHI) fixed wireless service delivers broadband download speeds of up to 50 Mbps. We also offer Internet service under the Virgin Plus brand offering download speeds of up to 300 Mbps.
- **TV:** IPTV services (Fibe TV, Fibe TV app and Virgin Plus TV) and satellite TV service. Bell's new Fibe TV service powered by Google Android TV technology provides extensive live and on-demand content options with 4K resolution (4K) picture quality and capabilities and features including access to thousands of apps, voice remote powered by Google Assistant, universal search, cloud personal video recorder (PVR), compact 4K high dynamic range (HDR) receiver and access to the Fibe TV app. The Fibe TV app live TV streaming service offers live and on-demand programming on Bell Streamer, Apple TV, Amazon Fire TV, Google Chromecast, Android TV devices, smartphones, tablets and computers. Bell Streamer is a 4K HDR streaming device powered by Android TV offering all-in-one access to the Fibe TV app, support for all major streaming services and access to over 10,000 apps from Google Play. We also offer an app-based live TV streaming service branded as Virgin Plus TV.
- **Home Phone:** local telephone service, long distance and advanced calling features
- **Smart Home:** home security, monitoring and automation services from Bell Smart Home
- **Bundles:** multi-product bundles of Internet, TV, home phone, mobility and smart home services with monthly discounts

### Business

- **Internet and network solutions:** through our advanced technologies and end-to-end network, cloud and security expertise, Bell is a network transformation partner of choice for Canadian businesses. Our solutions include business Internet, software-defined solutions, private networks, global networks, managed and professional services.
- **Voice and Collaboration:** we offer a variety of voice and collaboration solutions, including unified communications as a service (UCaaS), traditional local and long distance phone services, cloud-based voice over IP (VoIP) services and advanced solutions with custom calling features
- **Cloud:** Bell supports every stage of businesses' cloud journey with cloud, network and security expertise, an advanced partner ecosystem and advanced hybrid multi-cloud solutions. Our cloud solutions include professional and managed services, public multi-access edge computing (MEC) with Amazon Web Services (AWS) Wavelength, cloud connect, and backup and disaster recovery.
- **Security:** we offer a full suite of solutions to address businesses' security concerns, including network security, cloud security and managed and professional services
- **Contact centre:** we offer scalable, cloud-based contact centre solutions that include artificial intelligence (AI)-enhanced features, enabling omnichannel experiences and flexible, hybrid work styles

## Bell Media

### Segment description

- Canada's leading content creation company with premier assets in TV, radio and OOH, monetized through traditional and digital platforms
- Revenues are derived primarily from advertising and subscriber fees
  - Conventional TV, radio and OOH revenues are derived from advertising
  - Specialty TV revenue is generated from subscription fees and advertising
  - Pay TV revenue is derived from subscription fees
  - Direct-to-consumer (DTC) streaming services revenue is derived from subscription fees and advertising

### Our brands include

### Our assets and reach

#### TV

- 35 conventional TV stations including **CTV**, Canada's #1 network for 22 consecutive years, #1 Canadian advertising-based video on demand (AVOD) platform CTV.ca and leading digital news destination CTVNews.ca, and the French-language **Noovo** network in Québec, including its popular AVOD platform and digital news destination Noovo.info
- 26 specialty TV channels, including **TSN**, Canada's sports leader and **RDS**, the top French-language sports network
- 4 pay TV services and 5 streaming services, including **Crave**, the exclusive home of HBO and Max Originals in Canada, **TSN** and **RDS**

#### Radio

- 103 licensed radio stations in 58 markets across Canada, all available through iHeartRadio.ca and the iHeartRadio Canada app alongside an extensive catalogue of podcasts. In June 2023, Bell Media announced its intent to divest 3 of the 103 radio stations and on February 8, 2024, Bell Media announced its intent to divest an additional 45 of its radio stations to seven buyers, subject to Canadian Radio-television and Telecommunications Commission (CRTC) review and other closing conditions.

#### OOH advertising

- Network of strategically located advertising faces spanning across the country in 20 of Canada's largest cities

#### Broadcast rights

- **Sports:** long-term media rights to key sports properties and official Canadian broadcaster of the Super Bowl, Grey Cup and International Ice Hockey Federation (IIHF) World Junior Championship. Live sports coverage includes the Toronto Maple Leafs, Montréal Canadiens, Winnipeg Jets and Ottawa Senators, Canadian Football League (CFL), National Football League (NFL), National Basketball Association (NBA), Professional Women's Hockey League (PWHL), Major League Soccer (MLS), Fédération Internationale de Football Association (FIFA) World Cup events, Curling's Season of Champions, Major League Baseball (MLB), Golf's Majors, NASCAR, Formula 1 (F1), Grand Slam Tennis, National Collegiate Athletic Association (NCAA) March Madness, and more.
- **Warner Bros. Discovery:** Crave extended a long-term licensing agreement with Warner Bros. Discovery that sees Crave continuing to be the home of HBO and Max Originals, as well as new cable series, library television series, and pay and post-pay window rights for Warner Bros. films. The agreement also feeds CTV, CTV.ca, the CTV app, and Bell Media's suite of Specialty channels with Warner Bros. Discovery's iconic content.
- **STARZ:** long-term agreement with Lionsgate for premium STARZ programming in Canada
- **iHeartRadio:** exclusive partnership for digital and streaming music services in Canada

#### Other assets

- Equity interest in Dome Productions Partnership, one of North America's leading providers of sports and other event production and broadcast facilities
- Montréal's Octane Racing Group Inc., promoter of the F1 Canadian Grand Prix, the largest annual sports and tourism event in the country
- Minority interest in Montréal's Grandé Studios, a Montréal-based multipurpose TV, film and equipment company which provides production facilities, equipment rentals, and technical services

### Our products and services

- Varied and extensive array of video content to broadcast distributors across Canada
- **Advertising** on our TV, radio, digital and OOH properties to both local and national advertisers across a wide range of industry sectors
- **Crave** bilingual subscription-based on-demand premium video streaming service offering a large collection of premium content in one place, including HBO, Max, STARZ, and original French-language programming, on set-top boxes (STBs), mobile devices, streaming devices and online. Crave is offered through a number of Canadian TV providers, and is available directly to all Canadian Internet subscribers as an OTT service.
- **TSN**, **TSN+**, and **RDS** streaming services offering live and on-demand TSN and RDS content directly to consumers through an annual or monthly subscription on computers, tablets, mobile devices, Apple TV and other streaming devices

## Other BCE investments

BCE also holds investments in a number of other assets, including:

- a 37.5% indirect equity interest in MLSE, a sports and entertainment company that owns several sports teams, including the Toronto Maple Leafs, the Toronto Raptors, Toronto FC and the Toronto Argonauts, as well as real estate and entertainment assets in Toronto
- a 50% indirect equity interest in Glentel, a Canadian-based connected services retailer
- a 20.2% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club, evenko (a promoter and producer of cultural and sports events) and the Bell Centre in Montréal, Québec, as well as Place Bell in Laval, Québec

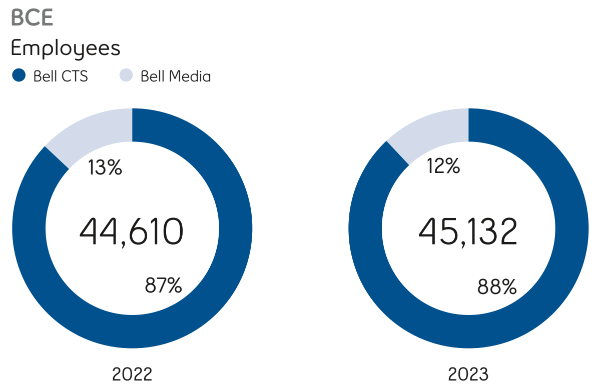
## Our people

Our people

### Employees

At the end of 2023, our team consisted of 45,132 employees, an increase of 522 employees, compared to the 44,610 employees at the end of 2022, driven by the acquisition of FX Innovation in June 2023, and other small acquisitions made during the year, along with greater hiring at our customer service centres, partly offset by natural attrition, retirements and workforce reductions.

Approximately 42% of total BCE employees were represented by labour unions at December 31, 2023.




### Bell code of business conduct

The ethical business conduct of our people is core to the integrity with which we operate our business. The Bell Code of Business Conduct sets out specific expectations and accountabilities, providing employees with practical guidelines to conduct business in an ethical manner. Our commitment to the Code of Business Conduct is renewed by employees each year in an ongoing effort to ensure that all employees are aware of, and adhere to, Bell's standards of conduct.

# 1.3 Key corporate developments

Our networks | Our customers and relationships | Our products and services | Our people | Our financial resources

This section contains forward-looking statements, including relating to BCE's capital expenditures and network deployment plans, the cost savings and other benefits expected to result from workforce reductions as well as estimated related severance payments, the expected timing and completion of the proposed acquisition of the Canadian OOH media business of OUTFRONT Media Inc. and the benefits expected to result therefrom, and our objectives and plans. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## Reduction in capital expenditures and fibre expansion

Further to the CRTC decision of November 6, 2023 that imposed an interim aggregated access to FTTP facilities obligation, Bell announced its intention to reduce capital expenditures by over $1 billion over 2024 and 2025 combined, including a minimum of $500 million in 2024, that the company had planned to invest in bringing high-speed fibre Internet to hundreds of thousands of additional homes and businesses in rural, suburban and urban communities. This reduction is in addition to Bell investing $105 million less than planned in Q4 2023 as a result of the CRTC's decision. Prior to the decision, Bell's near-term plan was to build high-speed fibre to 9 million locations by the end of 2025. As a direct result of federal government policies and the CRTC's decision that discourages network investment, Bell is slowing the pace of fibre footprint expansion to a near-term target of 8.3 million locations by the end of 2025 and capping fibre speeds at 3 Gbps.

## Workforce restructuring

In light of an operating environment that is being reshaped by increasingly unsupportive federal government policies and regulatory decisions, an economy with high interest rates and continued inflation, increasing competition, and evolving consumer preferences, Bell is taking action to lower its cost structure and align costs to the revenue potential of each business segment. This includes Bell's largest workforce restructuring initiative in nearly 30 years, that will result in the reduction of our workforce by approximately 4,800 positions, or 9% of all BCE employees in 2024. These workforce reductions are expected to yield in-year cost savings of $150 million to $200 million for 2024, or $250 million on an annualized basis. Severance payments related to the restructuring initiative could amount to up to approximately $400 million.

## Acquisition of 3800 MHz wireless spectrum

Bell secured additional mid-band spectrum licences through Innovation, Science and Economic Development Canada (ISED)'s 3800 MHz spectrum auction completed in November 2023, to continue bringing fast and reliable 5G+ wireless service to more people and businesses across Canada. Bell secured 939 licences covering 1.77 billion MHz-Pop of 3800 MHz spectrum for $518 million. This acquisition complements Bell's existing 3500 MHz spectrum holdings, providing the company with 100 MHz of 3500 MHz and 3800 MHz cross-band spectrum across approximately 99% of Canada's population. Bell will have access to an industry-leading 3.5 billion MHz-Pop of 5G+ spectrum (combining the 3500 MHz and 3800 MHz spectrum bands), acquired at a total cost of $2.78 billion, the lowest among national wireless carriers.



## Strategic partnership with Best Buy Canada

On January 18, 2024, Bell announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express. Bell will be the exclusive telecommunications provider, selling wireless and wireline (in footprint) services from its Bell, Virgin Plus and Lucky Mobile brands, as well as remain responsible for store operations and labour. Best Buy will assume responsibility for the consumer electronics assortment and procurement, as well as branding, marketing and e-commerce. Best Buy Express is expected to open locations across Canada starting in the second half of 2024. On February 8, 2024, Bell announced that with the strengths of Best Buy's buying power and supply chain, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

## Proposed acquisition of Canadian out-of-home media business of OUTFRONT Media Inc.

On October 23, 2023, Bell Media announced it plans to acquire the Canadian out-of-home media business of OUTFRONT Media Inc. The transaction is valued at $410 million, subject to certain adjustments, and is expected to close in the first half of 2024, subject to regulatory approval and other closing conditions. The acquisition of the Canadian out-of-home media business of OUTFRONT Media Inc. is expected to support Bell Media's digital media strategy and to deliver impactful, multi-channel marketing solutions coast-to-coast. The results of the Canadian out-of-home media business of OUTFRONT Media Inc. will be included in our Bell Media segment.

## Curtis Millen appointed as Chief Financial Officer

On September 1, 2023, Curtis Millen became Executive Vice President and Chief Financial Officer (CFO) of BCE and Bell Canada following the retirement of Glen LeBlanc from such position. A Bell leader since 2008, Mr. Millen was most recently Senior Vice President, Corporate Strategy and Treasurer, head of Bell Ventures and President of Bimcor Inc., a wholly-owned subsidiary of Bell that is one of the largest private sector pension fund management companies in Canada. Glen LeBlanc remains as Special Advisor and Vice-Chair, Bell Atlantic, and maintains his position as Chair of Northwestel and as Board member and Chair of the Audit Committee for MLSE.

## Bell Media leadership change

On November 1, 2023, Sean Cohan assumed leadership of Bell Media and joined the BCE leadership team, following the retirement of Wade Oosterman as President of Bell Media. Mr. Cohan joined Bell Media after having progressed through increasingly senior executive responsibilities in his time in media and consumer businesses, including a 15-year tenure at A+E Networks ultimately in the role of President, International and Digital Media. He and his A+E teams are credited with driving global content, digital, and commercial transformation and notable growth across the business.

# 1.4 Capital markets strategy

Our financial resources

This section contains forward-looking statements, including relating to BCE's dividend growth objective, 2024 annualized common share dividend and dividend payout ratio level, and dividend payout policy target, BCE's financial policy target, anticipated capital expenditures and network deployment plans, and our business outlook, objectives and plans. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

We seek to deliver shareholder returns through dividend growth. This objective is underpinned by substantial free cash flow generation and a strong balance sheet, supporting ongoing capital investment on advanced broadband networks and services that are essential to driving the long-term growth of our business.

## Dividend growth and payout policy

Dividend yield (1)

**7.4%**

in 2023

2024 dividend increase

**+3.1%**

to $3.99 per common share

Dividend payout (2) policy

**65%–75%**

of free cash flow

On February 8, 2024, we announced a 3.1%, or 12 cents, increase in the annualized dividend payable on BCE's common shares for 2024 to $3.99 per share from $3.87 per share in 2023, starting with the quarterly dividend payable on April 15, 2024.

Our objective seeks to achieve dividend growth while maintaining our dividend payout ratio within the target policy range of 65% to 75% of free cash flow and balancing our strategic business priorities. BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends are subject to the discretion of the BCE Board of Directors (BCE Board) and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or achieved, that the dividend on common shares will be increased or that dividends will be declared.

As at December 31, 2023, our dividend payout ratio was 111%, compared to 108% at December 31, 2022, which is higher than our policy range due to elevated capital expenditures compared to pre-2020 annual levels as we continued to make generational investments in our networks to support the buildout of our fibre, 5G and 5G+ network infrastructure. Although a significant reduction in capital expenditures is planned in 2024, due largely to government policy, they are expected to remain higher than pre-2020 annual levels. In addition, free cash flow in 2024 will be adversely impacted by significantly higher severance payments related to workforce restructuring initiatives, higher interest paid and lower cash from working capital. As a result, BCE's dividend payout ratio will remain above our target policy range in 2024.

## Executive compensation alignment

BCE is focused on a pay-for-performance approach for all team members, including our executives. In order to attract, motivate and retain top talent, the company offers a competitive total compensation package.

- Base salary: rewards the scope and responsibilities of a position, with target positioning at the median of our comparator group.
- Annual incentive: encourages strong performance against yearly corporate and individual objectives.
- Long-term incentive: aligns with long-term interests of shareholders.

The mix of vehicles awarded under BCE's long-term incentive plan favours the execution of multiple objectives. They are structured to create sustainable value for shareholders by attracting, motivating and retaining the executive officers needed to drive the business strategy, and rewarding them for delivering on our goal of advancing how Canadians connect with each other and the world, through the successful execution of our six strategic imperatives. We have strong alignment of interest between shareholders and management through our equity-based incentive plans.

### Best practices adopted by BCE for executive compensation

- Stringent share ownership requirements
- Emphasis on pay at risk for executive compensation
- Double trigger change-in-control policy
- Anti-hedging policy on share ownership and incentive compensation
- Clawbacks for the President and Chief Executive Officer (CEO) and all Executive Vice-Presidents as well as all option holders
- Caps on BCE supplemental executive retirement plans and annual bonus payouts, in addition to long-term incentive grants
- Vesting criteria aligned to shareholder interests

(1) *Annualized dividend per BCE common share divided by BCE's share price at the end of the year.*
(2) *Dividend payout ratio is a non-GAAP ratio. Refer to section 11.2,* Non-GAAP ratios *in this MD&A for more information on this measure.*

## Capital markets priorities

Consistent with our capital markets objective to deliver shareholder returns through dividend growth, while maintaining appropriate levels of capital investment, investment-grade credit ratings and considerable overall financial flexibility, we deploy excess free cash flow and divestiture proceeds, when available, in a balanced manner and on uses that include, but are not limited to:

- Funding of strategic acquisitions and investments (including wireless spectrum purchases) that support the growth of our business
- Debt reduction
- Share buybacks through normal course issuer bid programs

In 2023, excess free cash flow [(1)] was negative $342 million, down from negative $245 million in 2022. The year-over-year decrease was primarily attributable to lower cash flows from operating activities of $7,946 million, which decreased by $419 million year over year, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid. These factors were partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans.

## Total shareholder return performance

**Five-year total shareholder return [(2)]**

+29.5%

2019–2023

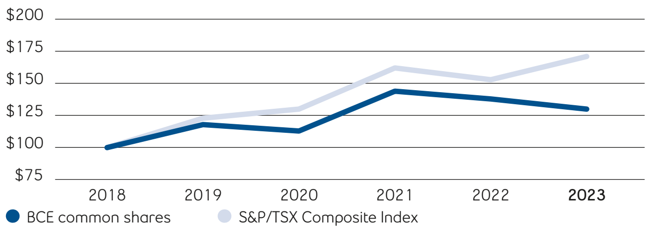
**One-year total shareholder return [(2)]**

(6.2%)

2023

### Five-year cumulative total value of a $100 investment [(3)]

**December 31, 2018 – December 31, 2023**




This graph compares the yearly change in the cumulative annual total shareholder return of BCE common shares against the cumulative annual total return of the S&P Global Ratings Canada (S&P)/TSX Composite Index [(4)], for the five-year period ending December 31, 2023, assuming an initial investment of $100 on December 31, 2018 and the quarterly reinvestment of all dividends.

(1) *Excess free cash flow is a non-GAAP financial measure. Refer to section 11.1,* Non-GAAP financial measures *in this MD&A for more information on this measure.*

(2) *Shareholder return is defined as the change in BCE's common share price for a specified period plus BCE common share dividends reinvested, divided by BCE's common share price at the beginning of the period.*

(3) *Based on BCE's common share price on the TSX and assuming the reinvestment of dividends.*

(4) *As the headline index for the Canadian equity market, the S&P/TSX Composite Index is the primary gauge against which to measure total shareholder return for Canadian-based, TSX-listed companies.*

# Strong capital structure

BCE's balance sheet is underpinned by a healthy available liquidity [(1)] position of $5.8 billion at the end of 2023, comprised of $547 million in cash, $225 million in cash equivalents, $1,000 million in short-term investments, $700 million available under our securitized receivables program and $3.3 billion available under our $3.5 billion committed revolving and expansion credit facilities, and an investment-grade credit profile, providing the company with a solid financial foundation and a high level of overall financial flexibility. BCE has an attractive long-term debt maturity profile with all 2024 maturities already pre-funded. We continue to monitor the capital markets for opportunities to lower our cost of debt and optimize our cost of capital. We seek to proactively manage financial risk in terms of currency exposure of our U.S. dollar-denominated purchases, as well as equity risk exposure under BCE's long-term equity-based incentive plans and interest rate and foreign currency exposure under our various debt instruments. We also seek to maintain investment-grade credit ratings with stable outlooks.



## Attractive long-term public debt maturity profile

- Average term of Bell Canada's publicly issued debt securities: approximately 12 years [(2)]
- Average after-tax cost of publicly issued debt securities: 3.0% [(2)]
- All publicly issued debt securities maturing in 2024 already pre-funded

## Strong liquidity position [(2)]

- $3.3 billion available under our $3.5 billion multi-year committed credit facilities
- $700 million receivables securitization available capacity
- $547 million cash
- $225 million cash equivalents
- $1,000 million short-term investments

## Investment-grade credit profile [(2)(3)]

- Long-term debt credit rating of BBB (high) by DBRS Limited (DBRS), Baa 1 by Moody's Investors Service, Inc. (Moody's) and BBB+ by S&P, all with stable outlooks

We monitor our capital structure by utilizing a number of measures, principally net debt leverage ratio and dividend payout ratio.

At December 31, 2023, our net debt leverage ratio [(1)] was 3.48 times adjusted EBITDA, an increase from 3.30 times adjusted EBITDA at December 31, 2022, due mostly to ongoing elevated capital expenditures. These leverage levels exceeded our internal target range of 2.0 to 2.5 times adjusted EBITDA as we have been in a cycle of strategically accelerating our pace of capital expenditures to advance our network and transformation investments, acquiring wireless spectrum, financing a number of strategic acquisitions and making voluntary pension plan funding contributions. As well, our net debt leverage ratio was adversely affected by COVID-19 impacts on our business and the adoption of IFRS 16 that added $2.3 billion of lease liabilities to net debt [(1)] on our balance sheet on January 1, 2019. Our objective is to see our net debt leverage ratio decline over time to be in the range of 3.0 times adjusted EBITDA. While currently in excess of this level, our net debt leverage ratio is still consistent with a strong balance sheet, ample financial flexibility and investment grade credit ratings.

This new objective is higher than the previous target for our net debt leverage ratio, which was established several years ago. Since that time, our leverage level has largely exceeded that target and yet we have maintained adequate financial flexibility through various market conditions. Moreover, at the time of setting our previous targets, we had sizeable pension funding deficits. We currently have sizeable surpluses. While pension funding deficits and surpluses are not factored into the net debt leverage ratio, the deficits represented a potential future cash funding requirement while the current surpluses allow us to take contribution holidays, enhancing our financial flexibility. We believe the new objective of 3.0 times adjusted EBITDA is reflective of our operational size and strength, an optimized cost of capital, and is aligned with the expectations of our investors, lenders and other stakeholders.

BCE's adjusted EBITDA to adjusted net interest expense ratio [(1)] at the end of 2023 was 6.94 times adjusted EBITDA, which was below our internal target of greater than 7.5 times adjusted EBITDA due to an increase in interest expense in 2023 attributable to higher average debt balances and higher interest rates. Given the correlation between this ratio and the net debt leverage ratio, we are simplifying our internal targets to reflect the net debt leverage ratio only and will not report against the adjusted EBITDA to adjusted net interest expense ratio target in the future. We believe that this ratio is of less relative importance to our investors, lenders and other stakeholders as a measure of the strength of our capital structure.

| BCE credit ratios | Internal target | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Net debt leverage ratio | 3.0 | 3.48 | 3.30 |
| Adjusted EBITDA to adjusted net interest expense ratio | n/a | 6.94 | 8.50 |

Bell Canada successfully accessed the debt capital markets in February 2023, May 2023, August 2023 and November 2023, raising a total of $3.5 billion in gross proceeds from the issuance in Canada of medium-term note (MTN) debentures, and $850 million in U.S. dollars ($1,138 million in Canadian dollars) in gross proceeds from the issuance of notes in the U.S. Both the Canadian-dollar and U.S.-dollar issuances contributed to maintaining our after-tax cost of outstanding publicly issued debt securities relatively stable at approximately 3.0% (4.1% on a pre-tax basis) and the average term to maturity at approximately 12 years. The net proceeds of the 2023 offerings were used to fund the repayment of Bell Canada's $1 billion 2.70% Series M-44 MTN debentures, to repay short-term debt and for general corporate purposes.

(1) *Available liquidity and net debt are non-GAAP financial measures and net debt leverage ratio and adjusted EBITDA to adjusted net interest expense ratio are capital management measures. See section 11.1,* Non-GAAP financial measures *and section 11.4,* Capital management measures *in this MD&A for more information on these measures.*

(2) *As at December 31, 2023*

(3) *These credit ratings are not recommendations to buy, sell or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.*

Subsequent to year end, on February 15, 2024, Bell Canada issued 5.200% Series US-9 Notes with a principal amount of $700 million in U.S. dollars ($942 million in Canadian dollars), which mature on February 15, 2034. Additionally, on the same date, Bell Canada issued 5.550% Series US-10 Notes with a principal amount of $750 million in U.S. dollars ($1,009 million in Canadian dollars), which mature on February 15, 2054. The net proceeds of the offering are intended to be used for the repayment at maturity of Bell Canada's US $600 million US-3 Notes due on March 17, 2024, to fund the remaining payment for the 3800 MHz spectrum licences secured by Bell Mobility Inc. (Bell Mobility) through the Canadian government's 3800 MHz spectrum auction, and other general corporate purposes, which may include the repayment of short-term debt.

# 1.5 Corporate governance and risk management

## Corporate governance philosophy

The Board and management of BCE believe that strong corporate governance practices contribute to superior results in creating and maintaining shareholder value. That is why we continually seek to strengthen our corporate governance practices and ethical business conduct by aiming to adopt best practices, and providing full transparency and accountability to our shareholders. The Board is responsible for the supervision of the business and affairs of the company.

Below are our key Board information and governance best practices:

| | |
|---|---|
| ✓ | Directors are ALL Independent (except CEO) |
| **99.6%** | 2023 Board and Committee Director Attendance Record |
| ✓ | Board Committee Members are All Independent |
| ✓ | Board Diversity Policy and Target for Gender Representation |
| ✓ | Annual Election of All Directors |
| ✓ | Directors Elected Individually |
| ✓ | Majority Voting for Directors |
| ✓ | Separate Chair and CEO |
| ✓ | Board Interlocks Guidelines |
| ✓ | Directors' Tenure Guidelines |
| ✓ | Board Renewal: 7 Non-Executive Director Nominees ≤ 7 Years Tenure |
| ✓ | Share Ownership Guideline for Directors and Executives |
| ✓ | Code of Business Conduct and Ethics Program |
| ✓ | Annual Advisory Vote on Executive Compensation |
| ✓ | Formal Board Evaluation Process |
| ✓ | Board Risk Oversight Practices |
| ✓ | ESG Strategy Reviewed by Board |
| ✓ | Robust Succession Planning |

For more information, please refer to BCE's most recent notice of annual general shareholder meeting and management proxy circular (the Proxy Circular) filed with the Canadian provincial securities regulatory authorities (available at **sedarplus.ca**) and furnished to the U.S. Securities and Exchange Commission (available at **sec.gov**), and available on BCE's website at **BCE.ca**.

## Risk governance framework

### Board oversight

BCE's full Board is entrusted with the responsibility for identifying and overseeing the principal risks to which our business is exposed and seeking to ensure there are processes in place to effectively identify, monitor and manage them. These processes seek to mitigate rather than eliminate risk. A risk is the possibility that an event might happen in the future that could have a negative effect on our business, financial condition, liquidity, financial results or reputation. While the Board has overall responsibility for risk, the responsibility for certain elements of the risk oversight program is delegated to Board committees in order to ensure that they are treated with appropriate expertise, attention and diligence, with reporting to the Board on a regular basis.

Risk information is reviewed by the Board or the relevant committee throughout the year, and business leaders present regular updates on the execution of business strategies, risks and mitigation.

- The Risk and Pension Fund Committee has oversight responsibility for the organization's risk governance framework, which exists to identify, assess, mitigate and report key risks to which BCE is exposed. As part of its Charter, the Risk and Pension Fund Committee is tasked with oversight of risks relating to business continuity plans, work stoppage and disaster recovery plans, regulatory and public policy, information management and privacy, information security (including cyber security), physical security, fraud, vendor and supply chain management, ESG (including climate change), the pension fund, network resiliency and other risks as required. The Risk and Pension Fund Committee receives reports on security matters, including information security (including cyber security), and on environmental matters, each quarter.
- The Audit Committee is responsible for overseeing the integrity of our financial statements and related information, management's assessment and reporting on the effectiveness of internal controls, and risk processes as they relate to financial reporting.
- The Management Resources and Compensation Committee (Compensation Committee) oversees risks relating to compensation, succession planning and workplace policies and practices.
- The Corporate Governance Committee (Governance Committee) assists the Board in developing and implementing BCE's corporate governance principles and guidelines, identifying individuals qualified to become members of the Board, and determining the composition of the Board and its committees. The Governance Committee is responsible for oversight of our ESG strategy (including climate change strategy and climate-related matters, and supply chain labour issues), and its integration within our overall business strategy, and disclosure. The Governance Committee is also responsible for oversight of the company's policies concerning business conduct, ethics, public disclosure of material information and AI governance.

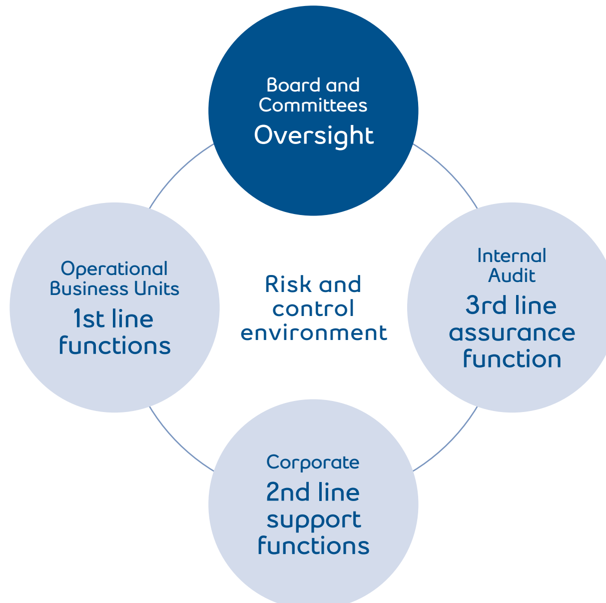
## Risk management culture

There is a strong culture of risk management at BCE that is actively promoted by the Board, the Risk and Pension Fund Committee and the President and CEO, at all levels within the organization. It is a part of how the company operates on a day-to-day basis and is woven into its structure and operating principles, guiding the implementation of the organization's strategic imperatives.

The President and CEO, selected by the Board, has set his strategic focus through the establishment of six strategic imperatives and focuses risk management around the factors that could impact the achievement of those strategic imperatives. While the constant state of change in the economic environment and the industry creates challenges that need to be managed, clarity around strategic objectives, performance expectations, risk management and integrity in execution ensures discipline and balance in all aspects of our business.

## Risk management framework

While the Board is responsible for BCE's risk oversight program, operational business units are central to the proactive identification and management of risk. They are supported by a range of corporate support functions that provide independent expertise to reinforce implementation of risk management approaches in collaboration with the operational business units. The Internal Audit function provides a further element of expertise and assurance, working to provide insight and support to the operational business units and corporate support functions, while also providing the Audit Committee, and other Board committees as required, with an independent perspective on the state of risk and control within the organization. Collectively, these elements can be thought of as a "three lines" approach to risk management. Although the risk management framework described in this section 1.5 is aligned with industry practices, there can be no assurance that it will be sufficient to prevent the occurrence of events that could have a material adverse effect on our business, financial condition, liquidity, financial results or reputation.




### First line – operational business units

The first line refers to management within our operational business units, who are expected to understand their operations in great detail and the financial results that underpin them. There are regular reviews of operating performance involving the organization's executive and senior management. The discipline and precision associated with this process, coupled with the alignment and focus around performance goals, creates a high degree of accountability and transparency in support of our risk management practices.

As risks emerge in the business environment, they are discussed in a number of regular forums to share details and explore their relevance across the organization. Executive and senior management are integral to these activities in driving the identification, assessment, mitigation and reporting of risks at all levels. Formal risk reporting occurs through strategic planning sessions, management presentations to the Board and formal enterprise risk reporting, which is shared with the Board and the Risk and Pension Fund Committee during the year.

Management is also responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. Each operational business unit develops its own operating controls and procedures that fit the needs of its unique environment.

### Second line – corporate support functions

BCE is a very large enterprise, with 45,132 employees as at December 31, 2023, multiple business units and a diverse portfolio of risks that is constantly evolving based on internal and external factors. In a large organization, it is common to manage certain functions centrally for efficiency, scale and consistency. While the first line is often central to identification and management of business risks, in many instances operational management works collaboratively with, and also relies on, the corporate functions that make up the second line of support in these areas. These corporate functions include Regulatory, Finance, Corporate Security, Corporate Risk Management, Legal, Corporate Responsibility, Human Resources, Real Estate and Procurement.

**Regulatory function:** This function is responsible for the regulatory portfolio, including an expanding range of obligations set out in new privacy and data protection laws being enacted in Canada and around the world. BCE has developed, and maintains, an enhanced Data Governance Policy that encompasses the protection and appropriate use of data across its life cycle. A significant element of the data governance program relies on the Corporate Security activities outlined below and these two functions work jointly with data owners, data custodians and other relevant employees to seek to ensure this policy is appropriately implemented. We recognize that a strong and consistently applied approach to data governance is essential to maintaining the social licence necessary to achieve our business objectives. For more information on our approach to privacy and data security, refer to section 1.6, *Capitals and our corporate responsibility*, in this MD&A.

**Finance function:** BCE's Finance function plays a pivotal role in seeking to identify, assess and manage risks through a number of activities, which include financial performance management, external reporting, pension management, capital management, and oversight and execution practices related to the U.S. *Sarbanes-Oxley Act of 2002* and equivalent Canadian securities legislation, including the establishment and maintenance of appropriate internal control over financial reporting. BCE has also established and maintains disclosure controls and procedures to seek to ensure that the information it publicly discloses, including its business risks, is accurately recorded, processed, summarized and reported on a timely basis. For more details concerning BCE's internal control over financial reporting and disclosure controls and procedures, refer to the Proxy Circular and section 12, *Effectiveness of internal controls*, in this MD&A.

**Corporate Security function:** This function is responsible for all aspects of security, which requires a deep understanding of the business, the risk environment and the external stakeholder environment. Based on this understanding, Corporate Security sets the standards of performance required across the organization through security policies and directives that define requirements to protect team members, company assets and information. In high and emerging risk areas such as information security, Corporate Security leverages its experience and competence to develop strategies intended to mitigate the organization's risks. For instance, we have implemented security awareness training, policies and directives that seek to mitigate information security threats. We further rely on security assessments to identify risks and review projects with the objective of ensuring that systems are deployed with the appropriate level of control, including access management, vulnerability management, security monitoring and testing. We evaluate and seek to adapt our security policies and directives designed to protect our information and assets in light of the continuously evolving nature and sophistication of information security threats. However, given the complexity and scale of our business, network infrastructure, technology and IT support systems, there can be no assurance that the security policies and directives that we implement will prevent the occurrence of all potential information security breaches. In addition, although BCE has contracted an insurance policy covering information security risk, there can be no assurance that any insurance we may have will cover the costs, damages, liabilities or losses that could result from the occurrence of any information security breach.

**Corporate Risk Management function:** This function works across the company to gather information and report on the organization's assessment of its principal risks and the related exposures. Annually, senior management participate in a risk survey that provides an important reference point in the overall risk assessment process.

In addition to the activities described above, the second line is also critical in building and operating the oversight mechanisms that bring focus to relevant areas of risk and reinforce the bridges between the first and second lines, thereby seeking to ensure that there is a clear understanding of emerging risks, their relevance to the organization and the proposed mitigation plans.

To further coordinate efforts between the first and second lines, BCE has established a Health and Safety, Security, Environment and Compliance Oversight Committee (HSSEC Committee). A significant number of BCE's most senior leaders are members of the HSSEC Committee, the purpose of which is to oversee BCE's strategic security (including information security), compliance, environmental, and health and safety risks and opportunities. This cross-functional committee seeks to ensure that relevant risks are adequately recognized and mitigation activities are well integrated and aligned across the organization and are supported with sufficient resources. The HSSEC Committee also mandates the company's Energy Board, a working group composed of business unit employees, including vice-presidents and directors, to ensure oversight of our overall energy consumption and costs with the objective of minimizing financial and reputational risks while maximizing business opportunities. The Energy Board also oversees the progress made towards meeting our GHG emissions reduction and supplier engagement targets. In addition, the company's Climate Resiliency Task Force, composed of senior vice-presidents, vice-presidents, directors and managers, reports to the HSSEC Committee and assists in building a climate resiliency governance to seek to address the potential impacts of climate change in the short and medium terms.

The company's Corporate Responsibility (CR) Board, composed of a significant number of employees at the senior vice-president, vice-president and director levels, supports the evolution of our corporate responsibility strategy. The CR Board has the responsibilities, among others, to embed corporate responsibility considerations into corporate and business unit strategies, assist in identifying corporate responsibility areas for further improvement, establish relevant ESG metrics, respond to stakeholders' concerns, review ESG public disclosures, approve procedures seeking to verify the accuracy of publicly disclosed ESG information and support various corporate responsibility initiatives. The CR Board reports on progress to the HSSEC Committee, the co-chairs of which report to the Risk and Pension Fund Committee, Governance Committee and Compensation Committee of the Board of Directors. The CR Board also reports to the BCE Disclosure and Compliance Committee with regards to the public disclosure of ESG information.

## Third line – internal audit function

Internal Audit is a part of the overall management information and control system and has the responsibility to act as an independent appraisal function. Its purpose is to provide the Audit Committee, other Board committees, as required, and management with objective evaluations of the company's risk and control environment, to support management in fulfilling BCE's strategic imperatives and to maintain an audit presence throughout BCE and its subsidiaries.

# 1.6 Capitals and our corporate responsibility

This section contains forward-looking statements, including relating to our ESG objectives. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A and to the sub-section *Assumptions* at the end of this section 1.6. For explanations of certain climate-related terms, metrics and targets used in this section 1.6 including, without limitation, carbon neutral, science-based targets and net zero, please refer to *Explanation of certain climate-related terms, metrics and targets* at the end of this section 1.6.

Since our founding in 1880, Bell has been enabling Canadians to connect with each other and the world. Our approach to corporate responsibility is to manage the company in ways that nurture the social and economic prosperity of our communities while safeguarding the environment.

## Corporate responsibility underpins our six strategic imperatives

Corporate responsibility is a fundamental element of each of the six strategic imperatives that inform BCE's policies, decisions and actions. As one of Canada's largest companies, we are driven to continually improve our impact and our contribution to society with our network deployments, investments in mental health initiatives, environmental sustainability and an engaged workplace. This approach also supports our purpose to advance how Canadians connect with each other and the world.

Our corporate responsibility approach is informed by a set of guiding principles that support our corporate strategy and policies throughout the organization. Through our own internal processes along with stakeholder feedback, we have prioritized, and set clear objectives to address ESG issues and opportunities, seeking to enhance sustainability across BCE. We constantly measure and report on our progress. Through these actions, we strive to drive environmental leadership, achieve a diverse and inclusive workplace, lead data governance, and protect and build stronger, healthier communities.

The Board has established clear oversight of our corporate responsibility programs and our approach to ESG practices with primary accountability at the committee level. The Governance Committee is responsible for oversight of our corporate purpose and our ESG strategy and disclosure. This includes the integration of ESG within our company strategy and monitoring the implementation of ESG programs, goals and key initiatives. Moreover, it is responsible for oversight and related disclosure of climate-related risks, and for our governance practices and policies, including those concerning business conduct and ethics.

In addition, the Risk and Pension Fund Committee oversees risks that could impact our business, such as safety and security, business continuity and ESG risks, while the Audit Committee monitors significant ESG issues and approves our risks and assumptions disclosures. The Compensation Committee has oversight of human resource issues and tracks corporate performance against our ESG targets. Since 2020, the Compensation Committee has formally added ESG targets to the corporate performance metrics within the measures of the company's annual short-term incentive compensation program, the Annual Incentive Plan (AIP). In 2022, to reflect how ESG is embedded into the overall strategy of the business, ESG-related metrics were embedded throughout our strategic imperatives score and represent, in aggregate, at least 30% of the total strategic imperatives score. The strategic imperative score represents 40% weighting of the Corporate Performance Index within the AIP.

Since 1993, BCE had been publishing a Corporate Responsibility Report detailing our performance in managing ESG issues. In 2022, for the first time, we presented both our financial and non-financial performance in an Integrated annual report following the principles of the <IR> Framework now part of the International Financial Reporting Standards. We believe this approach provides a useful basis for disclosing how we seek to create sustained value for our stakeholders over time. An integral element of the <IR> Framework are the six pillars, called "capitals" (our networks, our customers and relationships, our products and services, our environment, our people and our financial resources). We call them capitals because they are inputs to value creation.

# Our networks

Our networks

Our networks and services are fundamental to the communities we serve, the nation's economy and Canadian society as a whole. Our networks are integral to delivering our wireless, wireline, and broadcasting services. We work closely with governments, regulators and our customers to maximize these societal benefits.

Additionally, privacy and information security present both potentially significant risks and opportunities for any business operating in the digital economy. They are the subject of an expanding range of obligations, including under new privacy and data protection laws being enacted in Canada and around the world. Our customers, team members and investors increasingly expect us to demonstrate that we collect data appropriately, use it for purposes that advance their interests, and keep it secure.

## How digital access helps create value

Advanced communications networks provide access to a broad spectrum of everyday activities for all Canadians. Today, Bell's network technologies are a key part of Canada's 21st century infrastructure. Our networks provide an ever-increasing number of consumers and businesses of all sizes with greater capabilities and new opportunities to connect, build, and grow, while bridging the digital divide.

### Our activities and outcomes

Bell investments are delivering benefits directly to our customers, from providing more consumers with better access to family and friends, remote learning and entertainment to enabling businesses and communities to operate more efficiently and grow in the digital economy. At the same time, by continuing to close the digital divide that separate communities, we are also supporting growth among suppliers and partners and helping build and drive innovation across the Canadian digital ecosystem.

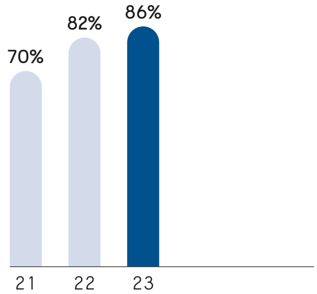
In 2023, Bell's capital expenditures were $4.6 billion as we continued to accelerate fibre deployments directly to homes and businesses and 5G wireless connectivity throughout our footprint. As a direct result of these investments, Bell's pure fibre Internet was made available to an additional 633,000 homes and businesses by the end of 2023.

Bell wireless and network technologies are a key part of Canada's 21st century infrastructure. Bell's LTE wireless network reached 99% of Canadians by 2020. Since then we have launched and expanded our 5G network in urban and rural markets, reaching 86% of all Canadians by the end of 2023.

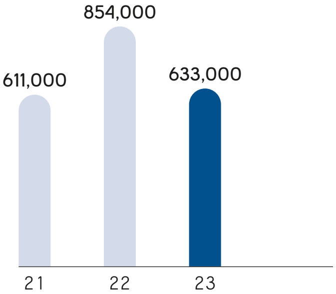
Investing in network security, capacity and resiliency has helped Bell achieve 99.9952% network reliability in 2023. Our investments provide core network architecture, diversity and redundancy – including multiple transport routes – which minimize the risk of major service disruptions. We also proactively provide notifications to keep customers informed if services are disrupted.

### Key metrics

5G network coverage at December 31




Number of additional pure fibre locations built




Bell's network reliability [1]


## How data governance helps create value

We recognize that to achieve our purpose of advancing how Canadians connect with each other and the world, we must maintain the social licence from our customers and all Canadians to collect and use data in our operations. A strong and consistently applied approach to data governance is critical to maintaining that social licence by focusing on respecting the privacy of our customers' data and protecting such data against information security threats. Conversely, failure to meet customer expectations regarding the appropriate use and protection of their data can have negative reputational, business and financial consequences for our company.

### Our activities and outcomes

Our approach to data governance encompasses the protection and appropriate use of data across their life cycle, and we are incorporating data governance proactively as a core consideration in all our business initiatives and technology decisions. We have a data governance policy which covers privacy, information security, data access management and records management. All employees are trained on data governance, as part of our mandatory biannual code of business conduct training. In 2023, Bell continued to make significant investments in people, processes and technology in order to seek to protect confidential information from evolving cybersecurity threats.

### Key metric

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Number of unresolved well-founded privacy complaints [2] from the Office of the Privacy Commissioner of Canada | – | – | – |

(1) *Bell's network reliability refers to our high-speed Fibre-to-the home (FTTH) Internet connection. 2022 data have been restated to reflect a change in methodology. In 2022, the metric was based on the entire Internet network (FTTH and N-FTTH).*

(2) *A complaint is considered well-founded if the Information Commissioner concluded that one or more of the allegations in the complaint has merit.*

### How information security governance helps create value

Cybersecurity threats give rise to new and emerging standards and regulations. We need to be able to identify and address information security risks in a timely manner in order to be in a better position to protect our market share and reputation, and these efforts align with our strategic imperative to champion customer experience, while at the same time reducing exposure to cyberattacks. Avoiding data breaches can also limit the increase in expenses associated with remediation efforts and legal exposures, aligning with our strategic imperative to operate with agility and cost efficiency.

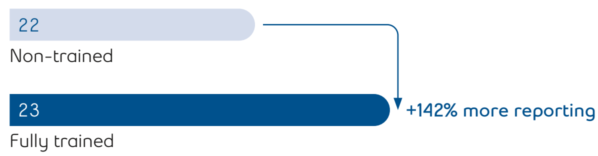
### Our activities and outcomes

We are focused on maintaining the trust that our customers have in us to protect their data. To do this, we are implementing prevention, detection, and response programs related to security threats. In addition, we are helping define industry security and risk management practices, and we are training our team members on data protection.

In 2023, we have aligned our Information Security program at 100% of the ISO/IEC 27001 standard. Starting in 2021, we launched our Be Cyber Savvy information security training program. This training program includes onboarding to our specialized Cyber Awareness platform, the conducting of monthly phishing simulations and the completion of four baseline courses. Team members must complete these four courses within 12 months of being onboarded to the program. This year, 95% of onboarded team members completed baseline training by the end of 2023. As we move forward, we believe a combination of training, clear messaging, and positive reinforcement when reporting a phishing attempt, should lead to year-over-year phishing report rate improvement.This year, we observed a 142% increase in reported phishing simulations by trained employees.

### Key metric

**Reported phish simulation between our fully trained employees and non-trained employees on our Be Cyber Savvy information security training**




## Our customers and relationships

Our customers and relationships

Since 2010, the Bell Let's Talk mental health initiative has raised awareness and action for Canadian mental health, with a focus on helping reduce the stigma around mental illness, improving access to care, supporting world-class research and leading by example in workplace mental health. Over the last 14 years, Canadians have taken action to create real change by engaging in the world's largest mental health conversation, to help create a Canada where everyone can get the culturally-appropriate mental health support they need. By 2025, Bell expects to reach its total current commitment of $155 million for Canadian mental health supports and services.

### How taking action on mental health helps create value

Our products and services help communities thrive, and we believe the way we invest – our time, our money and our passion – has a positive impact on the communities we serve. Communities also benefit from the engagement of our team members as they support the causes they value deeply. Bell is taking a leading role in helping address the mental health crisis in Canada with the Bell Let's Talk mental health initiative. The program encourages Canadians to take action and achieve real change in their mental health.

### Our activities and outcomes

Bell Let's Talk is active year round providing funding through the Bell Let's Talk Community Fund, Diversity Fund, Post-Secondary Fund and Bell True Patriot Love Fund. Bell Let's Talk has partnered with more than 1,500 organizations including hospitals, universities, local community service providers and other care and research organizations. This collaboration has enabled these organizations to improve access to mental health supports and services in communities nationwide.

- In January 2024, the Bell Let's Talk Post-Secondary Fund awarded $1 million to 11 Canadian colleges, universities, and cégeps to support initiatives that align with the National Standard of Canada for Mental Health and Well-Being for Post-Secondary Students or the Québec Action Plan on Student Mental Health for Higher Education.
- Since the launch in 2020, the Bell Let's Talk Diversity Fund provided 49 grants totalling $5.45 million, including 10 new grants announced in January 2024.
- The Bell Let's Talk Community Fund has provided over 1,100 grants and invested over $20.5 million, including 115 new grants announced in October 2023.
- In 2023, The Bell True Patriot Love Fund awarded a total of $350,000 to 10 organizations making a meaningful difference in the military veteran community.
- Also in 2023, Bell Let's Talk announced a $1 million gift to the IWK Health Foundation in Halifax, the Maritime's leading children's health care and research centre.

On Bell Let's Talk Day 2024, communities and organizations across Canada showed their support for mental health by raising the Bell Let's Talk flag at city and town halls, military bases, schools and other locations. Students at Canadian elementary and high schools, universities, colleges and cégeps across the country also engaged in a variety of initiatives in their learning environments to promote student mental health.

### Key metric

In 2023, Bell made a fundamental shift in the Bell Let's Talk Day campaign by highlighting the mental health crisis Canadians are facing in very real and personal ways, and issued a collective call to action and change. Bell Let's Talk Day 2024 continued to put a spotlight on mental health organizations across the country that are providing support and services for Canadians experiencing mental health issues – organizations that Bell Let's Talk is proud to support. Bell expects to reach its current commitment of $155 million for Canadian mental health programs by 2025.

# Our products and services

Our products and services

Our products and services provide value to Canadians by helping them both mitigate climate change and adapt to its impacts. Our solutions enable customers to reduce environmental impacts, improve health and safety and better safeguard protected data from growing risks.

## How our products and services contributing to climate change mitigation and adaptation helps create value

Bell technologies and services can help our customers reduce energy needs, minimize carbon footprints and enhance productivity. Our solutions help businesses embrace new ways to communicate, collaborate, ensure business continuity and be able to maintain services in the event of emergencies and extreme incidents.

### Our activities and outcomes

Our solutions include:

- virtualization and cloud computing which encourage optimal use of space, power and cooling resources by consolidating servers and storage and improve business continuity through redundancies in our network
- IoT services which can help optimize asset and fleet management and are effective for smart buildings, smart cities, smart operations and smart fieldwork applications. Electronic controls coupled with our communications networks can help communities adapt to rising mean temperatures and/or events such as extended heat waves.
- hybrid workforce solutions and teleworking which help ensure business continuity, as evidenced during the COVID-19 pandemic
- dematerialization, the reduction of the quantities of materials needed to serve an economic function, which substitutes technology (e.g., online banking apps) for travel (e.g., commuting to the bank)

At Bell, we believe it is important to understand the net carbon abatement impact of our solutions. To achieve this, we have worked with Groupe AGECO, a third-party consultant with expertise in GHG emissions quantification, to develop a methodology that uses a carbon abatement ratio which estimates the carbon reduction capacity of our products and services used by our customers. The carbon abatement ratio represents the GHG emissions estimated to have been avoided by our customers through the use of our technological solutions in comparison to our own operational (scope 1 and 2) GHG emissions. To do so, GHG emissions are estimated in a business-as-usual case where technology is not used compared to the case where Bell's products are used. The avoided GHG emissions correspond to the difference between the emissions estimated to have been generated in a business-as-usual case compared to the case where Bell's technological solutions are used. The emissions generated by Bell in providing the solutions to the customers are not deducted from the total carbon abatement of solutions, but are included in our operational emissions. Only the benefits resulting from technologies deployed to Bell's clients are considered, i.e., environmental benefits associated with solutions implemented within Bell's own operations are not included. An example of how the calculations were made is provided below:

| | |
|---|---|
| **Business-as-usual scenario** | Physical meeting in one room between 2 or more participants, including the transportation to the meeting location |
| **Bell's solution** | Virtual meeting through a cloud-hosted platform with integrated video and audio conferencing, online presentations, shared applications and group document editing. Users can share their entire or part of their desktop, or a specific application with a small group of people. |
| **Carbon abatement** | GHG emissions avoided from business travel for a meeting due to the use of Bell's web conferencing solution |

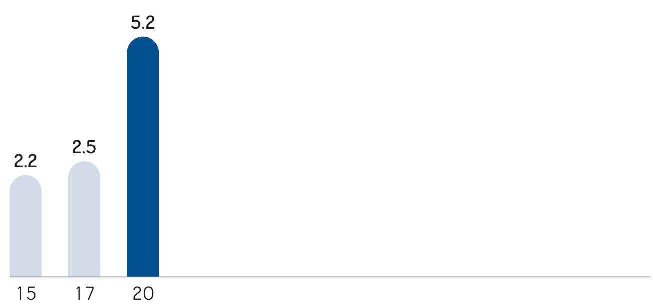
The calculation method of the carbon abatement ratio is based on existing methodologies developed in the Information and Communications Technology (ICT) sector. The calculation, as shown below, is based on assumptions that are dependent on customers' behaviour over which Bell has no control.

$$\textbf{Carbon abatement ratio} = \frac{\text{GHG emissions (business as usual case)} - \text{GHG emissions (using Bell's solutions case)}}{\text{Bell's total operational GHG emissions (scope 1 \& 2)}}$$

### Key metric

**GHG emissions estimated to have been avoided by our customers through the use of Bell's products and services**

Number of times by which GHG emissions estimated to have been abated by our customers through the use of Bell's technologies exceeded scope 1 and 2 GHG emitted by Bell's operations [1]




(1) *GHG emitted by Bell's operations refers to scope 1 emissions (direct GHG emissions from sources that are owned or controlled by Bell) and scope 2 emissions (indirect GHG emissions associated with the consumption of purchased electricity, heating/cooling and steam required by Bell's activities). The analyses were performed based on 2015, 2017 and 2020 data, respectively.*

# Our environment

Our environment

We strive to minimize the negative environmental impacts of our operations and to create positive impacts where possible. We also know that our team members, our customers, and our investors expect this. Taking care of the environment makes good business sense. If we fail to take action to reduce our negative impacts on the environment, we risk losing our valuable team members and customers to competitors, we risk increased costs due to fines or remediation requirements, and we risk losing investors, all of which could adversely impact our business.

We have been implementing and maintaining programs to reduce the environmental impact of our operations for more than 30 years. Our Environmental Policy, first issued in 1993, reflects our team members' values, as well as the expectations of customers, investors and society that we regard environmental protection as an integral part of doing business that needs to be managed systematically under a continuous improvement process. We implemented an environmental management system (EMS) to help with this continuous improvement, which has been certified ISO 14001 (1) since 2009, making us the first North American communications company to be so designated. We have continuously maintained this certification since then. In addition, Bell's energy management system was certified ISO 50001 (2) in 2020, also making us the first North American communications company to be so designated (3).

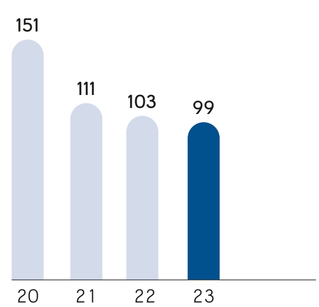
## How addressing climate change helps create value

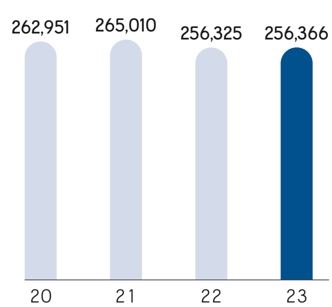
Climate change poses risks to our operating environment and our ability to create value. To help mitigate these risks, we aim to reduce our energy consumption and GHG emissions while continuing to adapt to the impacts of climate change.

### Our activities and outcomes

We are taking action both to help fight climate change and adapt to its consequences. We are adapting by taking action to seek to maintain our resiliency in the face of climate change, and are helping our customers do the same. To fight climate change, we are focused on reducing our energy consumption and GHG emissions, while also helping customers reduce theirs. Fostering innovation that helps reduce our carbon footprint is part of our culture. On an annual basis, we calculate, monitor and publicly report on our energy performance and GHG emissions as part of our environmental and energy management systems. Since 2003, we report on our climate change mitigation and adaptation efforts through the CDP (formerly the Carbon Disclosure Project), a not-for-profit organization that gathers information on climate-related risks and opportunities from organizations worldwide. In 2023, we obtained an A- score from the CDP, ranking us in the "Leadership Band" for the eighth consecutive year, recognizing our leadership on climate action, our alignment with current best practices and the transparency of our climate-related disclosures. Furthermore, we disclose annually on our risks and opportunities related to climate change following the 11 recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are also engaged in reducing our GHG footprint to contribute to the global effort in fighting climate change. We have set the target to be carbon neutral for our operational GHG emissions (scope 1 and 2 only) starting in 2025. For 2026 and 2030, we have set science-based GHG emissions reduction and supplier engagement targets that are consistent with the goals of the Paris Agreement. The Science Based Targets initiative (SBTi) (4) has approved the three specific targets set by BCE Inc. that cover all scopes.

### Key metrics




(1) *Our ISO 14001 certification covers Bell Canada's administrative oversight of the EMS associated with the development of policies and procedures for the delivery of services for business sectors including landline, wireless, television, Internet services, connectivity, broadband services, data hosting and cloud computing.*

(2) *Our ISO 50001 certification covers Bell Canada's energy management program at its national business locations associated with the activities of real estate management services, fleet services, radio broadcasting and digital media services, landline, wireless, television, Internet services, connectivity, broadband services, data hosting and cloud computing, in addition to related general administrative functions.*

(3) *Bell's review in 2020 of publicly available information for North American communications and telecommunications companies indicated Bell was the first of its North American communications and telecommunications competitors to receive ISO 14001 and 50001 certifications.*

(4) *The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature driving ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. The SBTi approved our targets in 2022, prior to the recalculation of our 2020 GHG emission base year. The impact of this recalculation is an increase of our target to reduce absolute scope 1 and 2 GHG emissions by 58% instead of 57% by 2030, from a 2020 base year. The recalculated target has been submitted to the SBTi for approval on October 20, 2023.*

## How circular economy helps create value

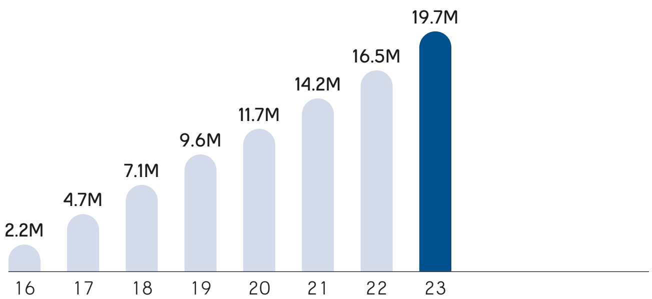
We are improving our circular economy model to focus on solutions that detach growth from accelerating raw material consumption in order to reduce the environmental impact of our operations. Waste reduction is essential to our objective of improving our operational efficiency and also aligns with the values and expectations of our team members and customers.

### Our activities and outcomes

Bell has managed waste reduction, reuse and recycling programs for more than 30 years. We have waste reduction goals and strong monitoring processes in place that enable us to track and report on our activities that generate waste. To manage the waste created from the electronic devices we distribute to customers, we have implemented effective and accessible e-waste collection programs for the recovery, reuse, refurbishment and recycling of customer-facing devices, including national take-back programs, drop boxes and mail-in instructions. To measure the success of these programs, we had set a goal to collect 7 million used TV receivers, modems, mobile phones and Wi-Fi pods between October 1, 2020 and September 30, 2023, which we've exceeded in 2023 with the collection of 7,760,323 devices. At Bell, we believe in leading by example, and so to continue to manage and reduce the waste generated from our own operations, we have the target to reach and maintain a 15% reduction of total waste sent to landfill by 2025, from a 2019 baseline year. We've exceeded this target in 2023 by diverting a total of 16% waste from landfill. Through setting waste reduction targets, such as the ones listed above, we are striving to build a resilient path to circularity. In 2024, we will work to set a new target, while efforts will continue to further divert waste from landfill and keep the numbers of electronic devices we recover as a key metric to monitor our performance. We are also investing in research and development for solutions where current technology does not provide responsible waste diversion methods.

### Key metric

**Cumulative recovery of used TV receivers, modems, Wi-Fi pods [(1)] and mobile phones**




# Our people

Our people

To execute on our strategic imperatives, we rely on the engagement and expertise of our team members. We focus on attracting, developing and retaining the best talent, as well as creating a positive team member experience to drive effectiveness, high performance and agility in our evolving business environment. Through workplace wellness initiatives and by celebrating diversity in the workplace, we reinforce our goal of creating a safe and inclusive atmosphere for all team members.

## How well-being helps create value

Bell team members bring our corporate purpose and strategic imperatives to life every day. To support the Bell team, we strive for a dynamic culture where all team members feel valued and respected in a safe, supported environment. We offer inclusive benefits, ongoing education and awareness programs and a range of progressive initiatives to foster well-being and success. At Bell, we believe that taking care of the well-being of our team members is essential to their personal success and to our organization's ongoing progress.

### Our activities and outcomes

To foster the well-being of our team members, we believe that engaging our team members as well as nurturing an inclusive environment are both essential. We are proud to be again ranked as one of Canada's Top Employers [(2)]. Bell has also been recognized by Mediacorp as one of Canada's Top Employers for Young People, Top Family-Friendly Employers, one of Canada's Greenest Employers and one of Montréal's Top Employers [(3)(4)(5)(6)]. We are focused on developing and retaining the best talent in the country by providing a workplace that is positive, professional and rewarding, all of which enable creativity and innovation. We also continue to develop, implement and share mental health practices in the workplace, and to broaden our approach to emphasize total-health support. We educate team members through our training programs and campaigns, support them through an extensive range of mental health services, and support and adapt workplace policies and practices to foster a psychologically safe workplace. Since 2010, over 90 metrics have been measured quarterly and assessed for trends

(1) *Wi-Fi pods have been included in the scope starting in 2021.*

(2) *Bell was recognized as one of "Canada's Top 100 Employers" in years 2016 to 2024 by Canada's Top Employers, an editorial competition organized by Mediacorp Canada Inc., a publisher of employment periodicals. Winners are evaluated and selected based on their industry leadership in offering exceptional workplaces for their employees. Employers are compared to others in their field to determine which offers the most progressive and forward-thinking programs.*

(3) *Bell was recognized as one of "Canada's Top Employers for Young People" in years 2018 to 2024 by Canada's Top 100 Employers. Winners are evaluated and selected based on the programs offered to attract and retain young employees, when compared to other employers in the same field.*

(4) *Bell was recognized as one of "Canada's Top Family-Friendly Employers" in years 2020 to 2024 by Canada's Top 100 Employers. Winners are evaluated and selected based on the programs and initiatives offered to help employees balance work and family commitments, when compared to other employers in the same field.*

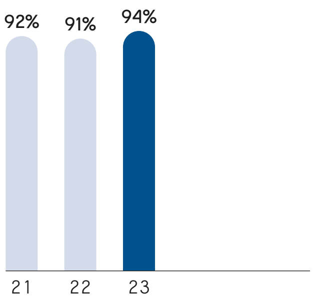
(5) *Bell was recognized as one of "Canada's Greenest Employers" in years 2017 to 2023 by Canada's Top 100 Employers. Winners are evaluated and selected based on the development of sustainability initiatives and environmental leadership, when compared to other employers in the same field.*

(6) *Bell was recognized as one of "Montréal's Top Employers" in years 2013 to 2024 by Canada's Top Employers. Winners are evaluated and selected based on progressive and forward-thinking programs offered in a variety of areas, when compared to other organizations in the same field.*

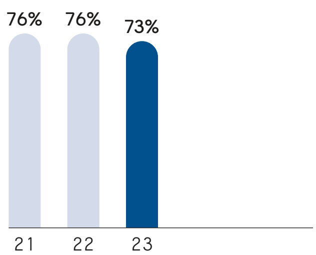
and program insights to closely monitor the psychological health of our workplace. Collecting qualitative and quantitative data is crucial to ensuring that we are heading in the right direction and making any required adjustments to our mental health programs.

### Key metrics

**People leaders who completed mandatory base training on mental health**




**Overall team member engagement score** [1]




## How fostering diversity, equity, inclusion and belonging helps create value

At Bell, we are proud of our focus on fostering a diverse, inclusive, equitable and accessible workplace where all team members feel valued, respected and supported. We are dedicated to building a workforce that reflects the diversity of the communities we serve, where every team member has the opportunity to reach their full potential. The integration of DEIB programs within Bell fosters the innovation and creativity of our team members.

### Our activities and outcomes

Our DEIB strategy is supported by a governance framework that includes the Diversity Leadership Council with senior leaders from every business unit, business unit committees and employee-led networks, including Black Professionals at Bell, Pride at Bell, Diversability at Bell and Women at Bell.

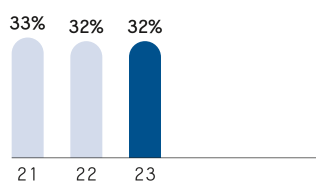
In line with our objective of improving gender diversity, our current gender diversity target for the Board is a minimum of 35% gender diverse directors, defined as directors who identify as women and directors who identify with a gender other than a man or a woman. This target was met from its adoption, in 2021, until the appointment of Johan Wibergh to the Board on November 1, 2023, following which (and as of December 31, 2023) 33% of all directors identified as women. With the increase in the number of directors upon his appointment, the Board is temporarily below the target to allow for an orderly transition ahead of the retirements of David F. Denison and Robert C. Simmonds at the end of the 2024 Annual General Shareholder Meeting (the Meeting) in May. The target will be met again if all director nominees are elected at the Meeting, after which directors identifying as women will represent 38% of all directors. In step with our overarching corporate objective to improve gender diversity across levels, including in our senior leadership, Bell was a signatory to the Catalyst Accord 2022 [2] and is currently a member of the 30% Club, [3] which aim to increase the proportion of women within executive leadership positions and serving on Canadian corporate boards to at least 30%. In 2022 and 2023, Bell exceeded that target with 32% women in executive positions but did not achieve Bell's goal of at least 35% gender diverse executives (vice president level and above) by the end of 2023 and in July 2023, we extended our target date to achieve this goal to the end of 2025.

Bell continues to take meaningful actions to address the impacts of systemic racism experienced by Black, Indigenous and Persons of Colour (BIPOC). Our goal is to reach at least 25% BIPOC representation in our senior management team by 2025. As of the end of 2023, we were at 23%. We exceeded our target of 40% BIPOC representation in our new graduate and intern hires, achieving 66% representation in 2023. Ongoing partnerships with the Onyx Initiative and the Black Professionals in Tech Network are helping drive the recruitment of Black college and university students and promote Black talent in technology. Bell Media continues to promote greater diversity in Canadian media with the HireBIPOC website and the Bell Media Content Diversity Task Force in partnership with BIPOC TV & Film.

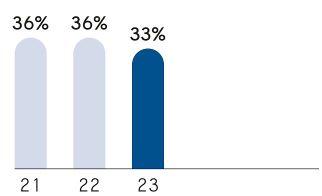
Looking ahead, we plan to continue building momentum for our DEIB strategy based on concrete objective-setting and the integration of inclusive leadership practices.

### Key metrics

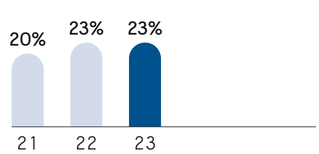
**Gender diverse** [4] **representation in executive positions**
(vice-president level and above)



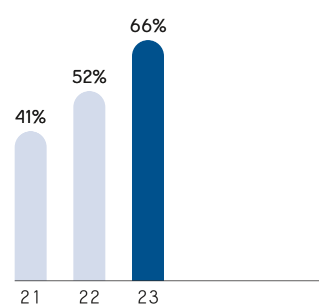

**Gender diverse** [4] **representation among directors on the BCE Board**




**BIPOC representation in Bell senior management**




**BIPOC representation among new graduates and interns**




(1) *This metric is calculated as the average score obtained in the annual Bell team member satisfaction survey. The Team Member Engagement score is based on five specific questions and the percentage of employees who responded favourably (Strongly agree or Agree) to these questions out of the total number of employees who responded to the survey.*

(2) *The Catalyst Accord 2022 calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business through these actions: Increase the average percentage of women on boards and women in executive positions in corporate Canada to 30% or greater by 2022.*

(3) *Recognizing Canada's distinct corporate governance framework, the aim of the 30% Club Canada is to include both board Chairs and CEOs to achieve better gender balance at board level, as well as at senior management levels.*

(4) *Gender diverse is defined as a person who identifies as a woman or with a gender other than a man or a woman.*

## Our financial resources

Our financial resources

The financial resources of the company are addressed throughout this MD&A. In addition, in 2022 and 2023, we added sustainability-linked pricing to our $3.5 billion committed credit facilities, to our securitization program and to certain derivatives, introducing price adjustments based on our performance of certain sustainability performance targets.

## Assumptions

### GHG emissions reduction and supplier engagement targets

Our environment

Our GHG emissions reduction and supplier engagement targets are based on a number of assumptions including, without limitation, the following principal assumptions:

- Our ability to purchase a significant amount of high-quality credible carbon credits and/or renewable energy certificates (RECs) to offset or reduce, as applicable, our GHG emissions
- The carbon offset resulting from the purchase of carbon credits will be permanent and will not be reversed, in whole or in part, prior to the date of our targets
- The successful and timely implementation of various corporate and business initiatives to reduce our electricity and fuel consumption, as well as reduce other direct and indirect GHG emissions enablers
- No new corporate initiatives, business acquisitions, business divestitures or technologies that would materially change our anticipated levels of GHG emissions
- No negative impact on the calculation of our GHG emissions from refinements in or modifications to international standards or the methodology we use for the calculation of such GHG emissions
- No required changes to our science-based targets pursuant to the SBTi methodology that would make the achievement of our science-based targets, as updated from time to time, more onerous or unachievable in light of business requirements
- Sufficient supplier engagement and collaboration in setting their own science-based targets, no significant change in the allocation of our spend by supplier and sufficient engagement and collaboration from the other participants across our whole value chain in reducing their own GHG emissions

### DEIB targets

Our people

Our DEIB targets are based on a number of assumptions including, without limitation, the following principal assumptions:

- Ability to leverage DEIB partnerships and recruitment agencies to help identify qualified diverse talent for vacant positions
- Sufficient diverse labour market availability
- Implementation of corporate and business initiatives to increase awareness, education and engagement in support of our DEIB targets
- Propensity of existing employees and job-seekers to self-identify to enable a diverse workforce representation

# Explanation of certain climate-related terms, metrics and targets

## Scope 1, 2 and 3 GHG emissions

Scope 1 emissions are direct GHG emissions from sources that are controlled by Bell. Scope 2 emissions are indirect GHG emissions associated with the consumption of purchased electricity, heating/cooling and steam required by Bell's activities. Scope 1 and 2 emissions are sometimes collectively referred to in this MD&A as "operational emissions". Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions.

By definition, GHG emissions from scope 3 (upstream and downstream indirect emissions) occur from sources owned or controlled by other entities in Bell's value chain (such as our suppliers, employees and customers). As a result, measuring scope 3 emissions is more complex than measuring scope 1 and scope 2 emissions, for which we are able to obtain primary data (such as litres of fuel consumed within our vehicle fleet and kilowatt-hours of electricity consumed within our buildings). For scope 3 categories for which primary data is not available, we have to rely on secondary data (such as financial data and industry-average data from published databases). These data collection challenges contribute to uncertainty in scope 3 emissions measurement.

## Carbon neutrality

We will measure our carbon neutrality performance based on our operational GHG emissions (scope 1 and scope 2 emissions in tonnes of $CO_2e$) minus GHG emissions offset by carbon credits purchased (in tonnes of $CO_2e$). To be carbon neutral, the total must be equal to zero or lower. In order to achieve our target of carbon neutral operations starting in 2025, we expect that we will need to purchase a significant amount of carbon credits to offset our scope 1 and 2 GHG emissions that will not have been avoided by internal initiatives, in addition to RECs to reduce our scope 2 emissions. In 2023, our scope 1 and 2 emissions represented 12% of our total carbon footprint. Our target for carbon neutral operations excludes our scope 3 emissions that represented 88% of our carbon footprint in 2023.

## Science-based targets

Science-based targets provide a clearly-defined pathway for companies to reduce GHG emissions, aiming to prevent the worst impacts of climate change. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. The SBTi brings together a team of experts to provide companies with independent assessment and validation of targets.

## Net zero target

BCE's carbon neutrality and science-based targets are different than, and independent of, the SBTi's net zero target. Net zero refers to the state in which an organization reduces GHG emissions in its entire value chain (i.e., scopes 1, 2 and 3 GHG emissions) to as close to zero as possible (with a minimum reduction of at least 90%) and neutralizes [1] any remaining emissions such that its net global GHG emissions balance to zero. At the moment, BCE does not have a net zero target.

(1) *According to SBTi, neutralize means that carbon is removed from the atmosphere and permanently stored in geological, terrestrial, or ocean reservoirs, or in products.*

# 2 Strategic imperatives

## Our success is built on the BCE team's dedicated execution of the six strategic imperatives that support our purpose to advance how Canadians connect with each other and the world.

This section contains forward-looking statements, including relating to our network deployment plans, the cost savings expected to result from workforce reductions, our ESG objectives, and our 2024 objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## 2.1 Build the best networks

**Continuing to enhance our key competitive advantage with a focus on delivering leading broadband fibre and wireless networks in locations large and small.**

### 2023 progress

- Expanded our FTTP direct fibre footprint to an additional 633,000 homes and businesses. FTTP enables multi-gigabit symmetrical download and upload Internet speeds, offering a performance and quality advantage over cable networks. At the end of 2023, approximately 6.5 million locations in Bell's footprint had access to multi-gigabit symmetrical speeds of 3 Gbps.
- Secured the acquisition of 939 licences for 1.77 billion MHz-Pop of 3800 MHz spectrum for $518 million following ISED's wireless spectrum auction, enabling Bell to continue bringing fast and reliable 5G+ wireless service to more people and businesses across Canada. Combined with our existing 3500 MHz holdings, Bell will have access to an industry-leading 3.5 billion MHz-Pop of 5G+ spectrum nationwide, acquired at a total cost of $2.78 billion, the lowest among national wireless carriers.
- Expanded our 5G wireless network to reach 86% of Canada's population
- Expanded 5G+ service coverage, leveraging 3500 MHz spectrum, to reach 51% of Canada's population
- Bell 5G was ranked Canada's fastest and best 5G network by Global Wireless Solutions (GWS) for the third consecutive year in its 2023 nationwide assessment of 5G networks [1]. New this year, GWS's testing included 3500 MHz network wireless spectrum and determined Bell's network (5G+) performance to be the fastest and best in the country.
- Launched mobile service in Toronto's TTC subway tunnels and stations for Bell, Virgin Plus and Lucky Mobile customers
- Continued to work closely with governments on projects to bring broadband access to remote and other hard to serve areas, including in rural Ontario, and in Newfoundland and Labrador with the Universal Broadband Fund
- Announced new wavelength data routes with speeds up to 400 gigabits that will enable triple redundancy between Secaucus, NJ, Toronto and Montréal, expected to be available in the first half of 2024, in partnership with FirstLight Fiber, an Albany, New York-based provider of fibre-optic data, Internet, data centre, cloud, unified communications, and managed services to enterprise and carrier customers throughout the Northeast and mid-Atlantic

### 2024 focus

- Further deployment of direct fibre to more homes and businesses within our wireline footprint, but at a slower pace than during any of 2020 to 2023. Bell's near-term fibre build target is to reach 8.3 million locations with fibre by the end of 2025.
- Ongoing expansion and deployment of 5G and 5G+ wireless networks, offering competitive coverage and quality

## 2.2 Drive growth with innovative services

**Leveraging our leading network technologies to provide truly differentiated communications services to Canadians and drive revenue growth.**

### 2023 progress

- Added 411,189 total net postpaid and prepaid mobile phone subscribers, bringing Bell's mobile phone customer base to 10,287,046 at December 31, 2023, up 3.4% over 2022
- Entered into a multi-year exclusive agreement with Staples Canada to sell Bell, Virgin Plus and Lucky Mobile wireless and wireline services through Staples stores across Canada for consumers and small businesses. In addition, Bell and Staples are partnering to sell Bell wireless and wireline services direct to medium-sized businesses through the Staples Professional sales team, backed by Bell's communications expertise.
- Entered into a multi-year strategic agreement with Air Canada, which includes premier sponsorship of its in-flight Wi-Fi, free in-flight messaging for Aeroplan members and the distribution of complimentary SIM cards on board to enable newcomers and visitors arriving in Canada to activate a wireless SIM while still in the air
- Virgin Plus unveiled a fresh new look with more affordable service offerings for everyone, including those new to Canada, including unlimited nationwide rate plans and access to 5G, plus updated Member benefits
- Built on our position as the leading Internet service provider (ISP) in Canada with a retail high-speed Internet subscriber base of 4,473,429 at December 31, 2023, up 5.0% over 2022

(1) *Based on a third party score (Global Wireless Solutions OneScore) calculated using Bell wireless 5G network testing in Canada against other national wireless networks from April 12, 2023 to October 27, 2023.*

- Bell pure fibre was ranked Canada's fastest Internet and Wi-Fi in Ookla's Q1-Q2 2023 and Q3-Q4 2023 Speedtest Awards reports [1]
- Named the Best Major & All Around ISP in Canada in PCMag's Best ISPs 2023 Canada report, based on Internet speed as well as price, coverage and customer satisfaction [2]
- Recognized as BrandSpark's Most Trusted ISP 2024 [3]
- Launched Gigabit Fibe 3.0 service in Manitoba with symmetrical download and upload speeds of 3 Gbps
- Acquired FX Innovation, a Montréal-based provider of cloud-focused managed and professional services and workflow automation solutions for business clients. The acquisition enables the delivery of leading-edge technology solutions for Canadian businesses and supports Bell's position as a technology services leader.
- Entered into a collaboration with ServiceNow, a digital workflow company, to launch Service Bridge capabilities on the ServiceNow platform, leveraging FX Innovation's deep industry expertise to elevate the end-to-end experience for Bell customers with customized solutions and automation capabilities
- Partnered with Palo Alto Networks to better support Canadian businesses managing their cloud security with the launch of two new cloud-native application protection platform (CNAPP) solutions, Cloud Security Posture Assessment and Cloud Security Posture Protection

### 2024 focus

- Leverage innovative new partnerships and collaborations to deliver for our customers
  - In January 2024, Bell entered into a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In February 2024, Bell announced that with the strengths of Best Buy's buying power and supply chain, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.
  - In February 2024, Bell announced a partnership with SentinelOne, a global leader in AI-powered security, to provide extensive data protection services for Bell's enterprise customers
  - In February 2024, Bell announced a collaboration with Microsoft to bring new hybrid work solutions to Canadian enterprises with the launch of Bell Operator Connect, pairing Bell's high-quality voice network and Microsoft Teams. Bell is also rolling out Microsoft 365 within its own enterprise IT environment.
  - In February 2024, Bell announced a collaboration with Mila, a research institute in AI, to apply deep learning neural network algorithms to Bell's systems and data to improve business performance and customer experience and accelerate AI innovations using cloud computing
- Increase our market share of national operators' wireless mobile phone net additions
- Introduction of more 5G and 5G+ devices and services
- Increased adoption of unlimited data plans and device financing plans
- Accelerated business customer adoption of advanced 5G and IoT solutions
- Continued growth in retail Internet subscribers
- Enhance Internet product superiority through new service offerings and hardware to provide an enhanced customer experience in the home
- Cross sell to customers who do not have all their telecommunication services with Bell
- Continued diversification of Bell's distribution strategy with a focus on expanding DTC and online transactions
- Continue to deliver network-centric managed and professional services solutions to large and medium-sized businesses that increase the value of connectivity services

## 2.3 Deliver the most compelling content

**Taking a unified approach across our media and distribution assets to deliver the content Canadians want the most.**

### 2023 progress

- Increased our IPTV subscriber base by 4.1% to 2,070,342 at December 31, 2023
- Crave expanded its DTC subscription offering with the launch of ad-supported plans, giving customers a range of options to access Crave's ever-growing lineup of award-winning premium content
- 2023 was the most watched year in Crave's streaming history
- Maintained CTV's #1 ranking as the most-watched TV network in Canada for the 22nd year in a row
- Extended a long-term and exclusive licensing agreement with Warner Bros. Discovery that includes HBO and Max Originals, new cable and library television series, and pay and post-pay window rights for Warner Bros. films and library films
- Forged a licensing and distribution pact with FOX Entertainment Global to support Canadian original productions for all Bell Media platforms, including CTV and Crave, and in the U.S. for FOX
- TSN acquired exclusive media rights to PGA Tour Live, featuring more than 4,300 hours of live coverage from PGA Tour events throughout the season
- Launched TSN+, a DTC streaming product available on TSN.ca and the TSN app that provides access to marquee live games and events that are incremental to the sports content delivered across TSN's platforms
- Launched Addressable TV, an innovation that delivers tailored ads to TV audiences, across Bell Media's premium linear and video on demand (VOD) content on CTV, CTV2, and Noovo, as well as a selection of English and French specialty channels
- Launched Addressable Audio, an innovative new format that dynamically inserts digital audio ads into live linear programming, and on-demand content on iHeartRadio.ca and the iHeartRadio Canada app
- Implemented upgrades to Bell Media's proprietary Strategic Audience Management (SAM) tool, including faster optimization, better proposals, expanded user capabilities, and automation

(1) *Based on analysis by Ookla of Speedtest Intelligence data Fixed and Wi-Fi nationally aggregated Speed Score results for Q1–Q2 and Q3–Q4 2023. Ookla trademarks used under license and reprinted with permission.*

(2) *PCMag Best ISPs 2023: Canada, based on speed, price, coverage and customer satisfaction comparing major and overall Canadian ISPs from June 1, 2022 to June 27, 2023.*

(3) *BrandSpark is a research and consulting firm. Winners were determined by a national survey of 15, 878 Canadian shoppers who gave their top-of-mind, unaided answers as to which brands they trust most and why in categories they have recently shopped.*

### 2024 focus

- Continued growth in IPTV subscribers
- Enhance TV product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
  - In January 2024, Bell launched the next generation Fibe TV service in Atlantic Canada, with capabilities and features including live TV, on-demand shows and movies, access to the Google Play app catalogue, voice remote powered by Google Assistant, universal search, Cloud PVR and unlimited simultaneous streams with the Fibe TV app
- Reinforce industry leadership in conventional TV, specialty TV, pay TV, streaming and sports services
- Continued scaling of Crave through optimized content offering, user experience improvements and expanded distribution
  - In February 2024, Bell Media reached an agreement with Amazon to make Crave available on Prime Video Channels in Canada
- Continued support of original French programming with a focus on digital platforms such as Crave, Noovo.ca and iHeartRadio, to better serve our French-language customers through a personalized digital experience
- Grow advertising revenue and maximize market share
- Continued scaling of our SAM TV and demand-side platform (DSP) buying platforms, Bell Media's advertising buying optimization platforms which give customers the ability to plan, activate and measure marketing campaigns using Bell's premium first-party data and expand personalization of ad content to TV and digital radio
- Advance our digital-first media strategy including growing digital revenues [(1)] and DTC subscribers
- Optimize unique partnerships and strategic content investments to monetize content rights and Bell Media properties across all platforms

## 2.4 Champion customer experience

**Making it easier for customers to do business with Bell at every step, from sales to installation, to ongoing support.**

### 2023 progress

- Led national telecom service providers in reducing our share of consumer complaints, according to the 2022–2023 Annual Report from the Commission for Complaints for Telecom-television Services (CCTS). Bell reduced its share of total industry complaints for an eighth consecutive year, decreasing its share of complaints by 6% over the previous year.
- Won a Webby award for the MyBell app [(2)], recognized by both a panel of expert judges and the voting public. The app was judged among 14,000 applicants across criteria including user experience, design, innovation and overall usability.
- Reached one million digital repair sessions on our self-serve Virtual Repair tool, and enhanced the tool with new features such as Wi-Fi check-up to help customers simplify the repair process
- Leveraged our online and social media platforms to do a better job keeping customers informed through social media and outage notifications accessible online through the MyBell app
- Increased our share of digital online service transactions through self-serve tools to nearly 70% of all digital transactions
- Leveraged AI to automate the service experience either through our agents or our digital platforms

### 2024 focus

- Improve customer experience with continued scaling of digital sales capabilities and functionality
- Further improve and expand self-installation capabilities
- Further improve customer satisfaction scores
- Further reduce the total number of customer calls to our call centres as well as the number of truck rolls
- Continue to invest in AI and machine learning to resolve customer issues faster

## 2.5 Operate with agility and cost efficiency

**Underscoring our focus on operational excellence and cost discipline throughout every part of our business.**

### 2023 progress

- Launched a multi-year operational transformation project to modernize our operations, increase productivity, build tech talent and materially right-size our cost base, to support Bell's evolution from a telco to a techco
- Undertook restructuring initiatives as a result of the unfavourable economic and regulatory environments
- Delivered productivity improvements and cost efficiencies resulting from the expansion of Bell's all-fibre network footprint and service innovations enabled by new broadband technologies
- Maintained stable BCE consolidated adjusted EBITDA margin [(3)]
- Maintained low average after-tax cost of Bell Canada's publicly issued debt securities of 3.0%

### 2024 focus

- Accelerate Bell's transformation from a telco to a techco
- Continued focus on our cost structure
- Realize cost savings from:
  - workforce restructuring initiative announced in February 2024, our largest in nearly 30 years, that will result in the reduction of our workforce by approximately 4,800 positions, or 9% of all BCE employees in 2024, and is expected to yield in-year cost savings of $150 million to $200 million, or $250 million on an annualized basis
  - operating efficiencies enabled by our direct fibre footprint

(1) *Digital revenues are comprised of advertising revenue from digital platforms including web sites, mobile apps, connected TV apps and OOH digital assets/platforms, as well as advertising procured through Bell digital buying platforms and subscription revenue from direct-to-consumer services and VOD services.*

(2) *The Webby awards are presented annually by the International Academy of Digital Arts & Sciences that honour outstanding digital achievements.*

(3) *Adjusted EBITDA margin is defined as adjusted EBITDA divided by operating revenues.*

- changes in consumer behaviour and product innovation
- digital adoption
- product and service enhancements
- expanding self-serve capabilities
- new call centre and digital investments
- other improvements to the customer service experience
- lower contracted rates from our suppliers
- rationalization of real estate footprint

## 2.6 Engage and invest in our people and create a sustainable future

**Strengthening our inclusive workplace culture, recognizing that Bell's success requires a dynamic and engaged team that is committed to the highest ESG standards.**

### 2023 progress

- Named one of Canada's Top Employers for Young People for the sixth consecutive year by Mediacorp (1)
- Named one of Canada's Top Family-Friendly Employers for the fourth consecutive year by Mediacorp (2)
- Named a Montréal Top Employer for the 11th consecutive year by Mediacorp (3)
- Recognized with a special mention by the Workforce Disclosure Initiative's (WDI) 2023 Workforce Transparency Awards
- Introduced a new virtual health care program to team members called Dialogue, making it easier to bring high-quality health care to our team and their families when they need it, 24 hours a day, 7 days a week
- Launched a new Human Rights and Accommodation policy as part of our ongoing objective to take action to promote our team's human rights and continue fostering an accessible, inclusive and equitable workplace
- Released a new Accessibility Plan on BCE.ca, improving our ongoing focus and support for all Canadians
- Continued to support our DEIB strategy through various initiatives, policies, training and multiple employee resource groups, including the launch of a new Diversability at Bell employee group to help advance inclusion and promote accessibility at Bell
- Ranked 1st most sustainable telecom globally and 51st overall in the Corporate Knights Global 100 2024 ranking of the most sustainable corporations in the world (4)
- Named to the Canada's Best 50 Corporate Citizens list compiled by Corporate Knights, ranking 20th overall (5)
- Named one of Canada's Greenest Employers for the seventh straight year (6)
- Recognized with a Clean50 Top Project Award for our halocarbon free, energy-efficient computer room cooling project (7)
- Amended our securitization program to add sustainability-linked pricing that introduces a financing cost that varies based on Bell's performance of certain sustainability performance targets
- Entered into our first Sustainability-Linked Derivatives, with a pricing adjustment that increases the derivatives' cost based on Bell's performance towards its science-based target to reduce its operational GHG emissions

### 2024 focus

- Continue to support employees with enhanced pension, savings and benefits options that focus on flexibility, inclusion and wellness
- Deliver new Bell U tech training for leaders to advance and build the company's transformation culture
- Play an active role in engaging our team and the broader community in diversity issues and deliver on DEIB objectives
- Continue to enhance our workplace programs for the mental health and well-being of all Bell team members, by evolving existing programs and focusing on prevention and protective psychological workplace factors to proactively improve mental health
- Continue to implement our action plan to address climate change and achieve carbon neutral operations starting in 2025
- In January 2024, we were ranked the most sustainable communications company in the world in the Corporate Knights Global 100 2024 ranking (8)
- Enhance our Cyber Savvy program for employees, further advancing their cyber security knowledge and awareness
- Continue to advance ESG initiatives and Bell for Better commitments

(1) *Canada's Top 100 Employers report is issued annually by Medicorp. Winners were evaluated and selected based on programs offered to attract and retain young employees, when compared to other employers in the same field.*

(2) *Canada's Top 100 Employers report is issued annually by Medicorp. Winners were evaluated and selected based on programs and initiatives offered to help employees balance work and family commitments, when compared to other employers in the same field.*

(3) *Canada's Top 100 Employers report is issued annually by Medicorp. Winners were evaluated and selected based on progressive and forward-thinking programs offered in a variety of areas, when compared to other organizations in the same field.*

(4) *In January 2024, Corporate Knights, a sustainable-economy media and research company, ranked Bell #1 among telecom providers and #51 overall in its global 2024 ranking of the World's 100 Most Sustainable Corporations. The ranking is based on an assessment of more than 6,000 public companies with revenue over US $1 billion. All companies are scored on applicable metrics relative to their peers, with 50% of the weight assigned to sustainable revenue and sustainable investment.*

(5) *According to Corporate Knights Inc. The annual ranking was released on June 28, 2023 and is based on a set of 25 ESG indicators that compares Canadian companies with a gross revenue of at least $1 billion.*

(6) *Canada's Top 100 Employers report is issued annually by Medicorp. Winners were announced in April 2023 and were selected and evaluated in terms of: the unique environmental initiatives and programs they have developed; the extent to which they have been successful in reducing the organization's own environmental footprint; the degree to which their employees are involved in these programs and whether they contribute any unique skills; and the extent to which these initiatives have become linked to the employer's public identity, attracting new employees and clients to the organization.*

(7) *The Clean50 Awards were founded by Delta Management Group, a sustainability, ESG and clean tech focused search firm in Canada, in June 2011 and have been awarded annually since. Selection is primarily by Delta Management, with significant assistance by third- party advisors and based on detailed submissions by nominees. Clean50 Top Projects annually recognize projects completed in the prior two years based on their innovation, ability to inform and inspire other Canadians.*

(8) *According to Corporate Knights Inc.'s global rankings released on January 17, 2024. BCE was ranked #51 overall and #1 in our sector and industry, in its 2024 ranking of the world's 100 most sustainable corporations. The ranking is based on an assessment of more than 6,000 public companies with revenue over US $1 billion. All companies are scored on applicable metrics relative to their peers, with 50% of the weight assigned to sustainable revenue and sustainable investment.*

# 3 Performance targets, outlook, assumptions and risks

**This section provides information pertaining to our performance against 2023 targets, our consolidated business outlook and operating assumptions for 2024 and our principal business risks.**

## 3.1 BCE 2023 performance vs. guidance targets

| Financial measure | 2023 target | 2023 performance and results | |
|---|---|---|---|
| Revenue growth | 1% to 5% | 2.1% | BCE revenues grew by 2.1% in 2023, compared to 2022, driven by higher product revenue of 9.4%, and higher service revenue of 0.9%, attributable to growth from our Bell CTS segment, moderated by a decline in our Bell Media segment. |
| Adjusted EBITDA growth | 2% to 5% | 2.1% | BCE adjusted EBITDA grew by 2.1% in 2023, compared to 2022, reflecting a greater contribution from our Bell CTS segment, partly offset by a decline in our Bell Media segment. The growth was driven by higher revenues, moderated by increased operating costs. |
| Net earnings growth | Not applicable | (20.5%) | In 2023, net earnings decreased by 20.5%, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets. |
| Capital intensity (1) | 19% to 20% | 18.6% | 2023 capital expenditures of $4,581 million declined by 10.8% year over year, which corresponded to a capital intensity ratio of 18.6%, down 2.6 pts over last year, driven by lower planned capital spending in 2023 subsequent to accelerated network investments in 2022, as well as an unplanned additional $105 million decrease in Q4 2023 as a result of the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network. |
| Net earnings per share (EPS) growth | Not applicable | (23.5%) | Net earnings attributable to common shareholders in 2023 decreased by $640 million, or $0.70 per common share, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets. |
| Adjusted net earnings per share (adjusted EPS) (2) growth | (7%) to (3%) | (4.2%) | Excluding the impact of severance, acquisition and other costs, net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans, net equity gains (losses) on investments in associates and joint ventures, net gains (losses) on investments, early debt redemption costs and impairment of assets, net of tax and non-controlling interest (NCI), adjusted net earnings in 2023 was $2,926 million, or $3.21 per common share, compared to $3,057 million, or $3.35 per common share, in 2022. |
| Cash flows from operating activities growth | Not applicable | (5.0%) | In 2023, BCE's cash flows from operating activities of $7,946 million decreased by $419 million, compared to 2022, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid, partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans. |
| Free cash flow growth | 2% to 10% | 2.5% | Free cash flow of $3,144 million in 2023 increased by $77 million compared to 2022, mainly due to lower capital expenditures, partly offset by lower cash flows from operating activities, excluding cash from acquisition and other costs paid. |
| Annualized dividend per common share | $3.87 per share | $3.87 per share | Annualized dividend per BCE common share for 2023 increased by $0.19 cents, or 5.2%, to $3.87 compared to $3.68 per share in 2022. |

(1) *Capital intensity is defined as capital expenditures divided by operating revenues.*

(2) *Adjusted EPS is a non-GAAP ratio. Refer to section 11.2,* Non-GAAP ratios *in this MD&A for more information on this measure.*

# 3.2 Business outlook and assumptions

This section contains forward-looking statements, including relating to our projected financial performance, our anticipated capital expenditures and network deployment plans, and our business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## 2024 outlook

2024 will be an important transformation year for BCE. We look to maintain operational momentum, while balancing growth with financial performance, as we continue our transition to a tech services and digital media company. Our outlook for 2024 takes into consideration potential recessionary and competitive pricing pressures, as well as the financial impact of our strategic distribution partnership with Best Buy Canada that will result in a decrease in largely consumer electronics related revenue from our consolidated results. The impact of this partnership on BCE's adjusted EBITDA will not be material given relatively low margins for consumer electronics. Our 2024 outlook also reflects the impacts of our workforce restructuring and other transformation initiatives that aim to better position the company for future growth and success.

Our strategic priorities in 2024 centre on:

- Accelerating growth investments, including in cloud and security services, advanced advertising and digital transformation, while de-emphasizing and reducing spending on highly-regulated and declining businesses
- Maintaining focus on premium mobile phone subscriber acquisition with increased emphasis on market growth
- Leveraging our existing fibre footprint, network speed leadership and product strength to drive greater cross-sell penetration of Internet households with wireless
- Accelerating our business markets growth in cloud, security and workflow automation solutions
- Maintaining our strength in digital media driven by our advanced advertising capabilities, premium inventory and new distribution initiatives
- Realizing cost savings from our transformation initiatives, including workforce reductions

Underpinning our outlook for 2024 is a stable financial profile that reflects our sound operating fundamentals and consistent execution in a competitive marketplace. Wireless, retail Internet and IPTV subscriber base growth, together with promotional offer discipline and the flow-through of operating cost savings from transformation initiatives, including a reduced workforce, are projected to drive year-over-year growth in revenue and adjusted EBITDA. Directly as a result of federal government policies and the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network, we plan a significant reduction in capital expenditures that will lead to a slowdown in our pure fibre build and lower spending in highly-regulated businesses. Despite expected growth in adjusted EBITDA and lower planned capital expenditures, a combination of higher severance payments related to workforce restructuring initiatives, higher interest paid and lower projected cash from working capital is expected to drive lower free cash flow.

## Assumptions

### Assumptions about the Canadian economy

- Slowing economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 0.8% in 2024, down from 1.0% in 2023
- Easing, but still elevated, consumer price index (CPI) inflation as the effects of past interest rate increases work through the economy
- Easing labour market conditions
- Muted growth in household spending due to slow labour income growth, high debt-servicing costs and weak consumer confidence
- Soft business investment growth due to slow demand and still-elevated borrowing costs
- Prevailing high interest rates expected to remain at or near current levels
- Population growth resulting from strong immigration
- Canadian dollar expected to remain near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.

### Market assumptions

- A higher level of wireline and wireless competition in consumer, business and wholesale markets
- Higher, but slowing, wireless industry penetration
- A shrinking data and voice connectivity market as business customers migrate to lower-priced telecommunications solutions or alternative OTT competitors
- The Canadian advertising market is experiencing a slowdown consistent with trends in the global advertising market, with improvement expected in the medium term, although visibility to the specific timing and pace of recovery remains limited
- Declines in broadcasting distribution undertaking (BDU) subscribers driven by increasing competition from the continued rollout of subscription video on demand (SVOD) streaming services together with further scaling of OTT aggregators

### Assumptions underlying expected continuing contribution holiday in 2024 in the majority of our pension plans

- At the relevant time, our defined benefit (DB) pension plans will remain in funded positions with going concern surpluses and maintain solvency ratios that exceed the minimum legal requirements for a contribution holiday to be taken for applicable DB and defined contribution (DC) components
- No significant declines in our DB pension plans' financial position due to declines in investment returns or interest rates
- No material experience losses from other events such as through litigation or changes in laws, regulations or actuarial standards

## 3.3 Principal business risks

Provided below is a summary description of certain of our principal business risks that could have a material adverse effect on all of our segments. Certain additional business segment-specific risks are reported in section 5, *Business segment analysis*. For a detailed description of the principal risks relating to our regulatory environment and of the other principal business risks that could have a material adverse effect on our business, financial condition, liquidity, financial results or reputation, refer to section 8, *Regulatory environment* and section 9, *Business risks*, respectively.

### General economic conditions and geopolitical events

Our business and financial results could be negatively affected by adverse economic conditions, including a potential recession. The current global economic environment could further exacerbate pre-existing risk factors, including those described in this MD&A, in light of slowing Canadian economic growth, elevated CPI inflation, high interest rates, high housing support costs relative to income, and financial and capital market volatility. All of these could negatively affect our business and financial results, including by adversely affecting business and customer spending and the resulting demand for our products and services, our customers' financial condition, the availability of our offerings in light of supply chain disruptions, and the cost and amount of funding available in the financial markets.

Furthermore, risk factors including, without limitation, those described in this MD&A, could be exacerbated, or become more likely to materialize, as a result of geopolitical events, which could have an adverse impact on our business or future financial results and related assumptions, the extent of which is difficult to predict. Geopolitical events could adversely impact the global economy and cause financial and capital market volatility, broader geopolitical instability and armed conflicts, higher energy prices, increased inflationary pressures limiting consumer and business spending and increasing our operating costs, disruptions in our supply chain and increased information security threats.

## Regulatory environment and compliance

Our networks | Our customers and relationships | Our products and services | Our environment | Our people | Our financial resources

**Our regulatory environment influences our strategies, and adverse governmental or regulatory decisions could have negative financial, operational, reputational or competitive consequences for our business**

Although most of our retail services are not price-regulated, government agencies and departments such as the CRTC, ISED, Canadian Heritage and the Competition Bureau continue to play a significant role in regulatory matters such as establishing and modifying regulations for mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, privacy and cybersecurity obligations, and control of copyright piracy. As with all regulated organizations, strategies are contingent upon regulatory decisions. Adverse decisions by governments or regulatory agencies, increased regulation or lack of effective anti-piracy remedies could have negative financial, operational, reputational or competitive consequences for our business.

For a discussion of our regulatory environment and the principal risks related thereto, refer to section 8, *Regulatory environment* as well as the segment discussion under *Principal business risks* in section 5.1, *Bell CTS*.

**Failure to proactively address our legal and regulatory obligations, and our involvement in various claims and legal proceedings, could have an adverse effect on our business, financial performance and reputation**

Changes in laws or regulations, or in how they are interpreted, and the adoption of new laws or regulations, as well as pending or future litigation, could have an adverse effect on our business, financial performance and reputation. The increase in laws and regulations around customer interactions and the technological evolution of our business further create an environment of complex compliance requirements that must be adequately managed. The failure to monitor and comply with legal or regulatory obligations applicable to us could expose us to litigation, significant fines and penalties, and operational restrictions, as well as result in reputational harm. Heightened focus on consumer protection through provincial legislation and regulatory consumer codes, as well as increased legal and regulatory pressure in the areas of privacy, accessibility, data governance and other ESG topics, require that we build and operationalize enhanced compliance frameworks and could further increase the company's exposure to investigations, litigation, sanctions, fines and reputational harm.

We become involved in various claims and legal proceedings as part of our business. For a description of important legal proceedings involving us, please see the section entitled *Legal proceedings* contained in the BCE 2023 AIF.

# Competitive environment

Our networks | Our products and services | Our financial resources

**Competitive activity in our industry is intense and competitive dynamics are evolving, contributing to disruptions in each of our business segments**

Our market landscape is being reshaped by changing macroeconomic and regulatory environments, increasing global and national competition, and evolving customer preferences. As our business evolves and technological advances drive new services, delivery models and strategic partnerships, our competitive landscape continues to intensify and expand to include new and emerging competitors, certain of which were historically our partners or suppliers, as well as global-scale competitors, including, in particular, cloud and OTT service providers, IoT hardware and software providers, VoIP providers and other web-based players that are penetrating the communications space with significant resources and a large customer base over which to amortize costs. Certain of these competitors are changing the competitive landscape by establishing a material market presence, which has accelerated in recent years. Established competitors further seek to consolidate or expand their product offerings through acquisitions in order to increase scale and market opportunities in light of these changes in market dynamics. In particular, the combination of Rogers Communications Inc. (Rogers) with Shaw Communications Inc. (Shaw) in April 2023 created a Canadian competitor with larger scale, and the acquisition of Freedom Mobile by Vidéotron Ltd. (Vidéotron) also increases its scale with a change in competitive dynamics in several provinces, which could have adverse implications in particular for our Bell CTS segment. Failure to effectively respond to such evolving competitive dynamics could adversely affect our business and financial results.

Technology substitution, IP networks and recent regulatory decisions, in particular, continue to facilitate entry in our industry. In addition, the effects of government policies that result in the acquisition of spectrum at favourable pricing by regional facilities-based wireless service providers distort market dynamics. These factors have changed industry economics and allowed competitors to launch new products and services and gain market share with far less investment in financial, marketing, human, technological and network resources than has historically been required. In particular, with regulatory decisions mandating wholesale rates for wireline Internet and mobile virtual network operator (MVNO) access, competitors can deliver their services over our networks, leveraging regulatory obligations applicable to us, therefore limiting their need to invest in building their own networks and impacting the network-based differentiation of our services. Such lower required investment challenges the monetization of our networks and our operating model. Moreover, foreign OTT players are currently not subject to the same Canadian content investment obligations as those imposed on Canadian domestic digital suppliers, which provides them with a competitive advantage over us.

New technologies create a potential for diversifying our product and service offerings and create growth opportunities. However, if we are unable to develop and deploy new solutions in advance of or concurrently with our competitors, if the market does not adopt these new technologies in pace with our deployment of new solutions, or if we fail to adequately assess and manage the risks associated with these new solutions, our business and financial results could be adversely affected.

We expect these trends to continue in the future, and the increased competition we face as a result could negatively impact our business including, without limitation, in the following ways:

- The acceleration of disruptions and disintermediation in each of our business segments could adversely affect our business and financial results
- Adverse economic conditions, such as economic downturns or recessions, high interest rates and elevated inflation, adverse conditions in the financial markets or a declining level of retail and commercial activity, could have a negative impact on the demand for, and prices of, our wireline, wireless and media products and services, and improve the competitive position of lower-cost providers
- Competitors' aggressive market offers, combined with heightened customer sensitivity around pricing, could result in pricing pressures, lower margins and increased costs of customer acquisition and retention, and our market share and sales volumes could decrease if we do not match competitors' pricing levels or increase customer acquisition and retention spending
- Should our value proposition on pricing, network, speed, service or features not be considered sufficient for customers in light of available alternatives, or should our products and services not be provided over customers' preferred delivery channels, this could lead to increased churn
- The shift to online transactions could cause a reduction in in-store traffic, which could adversely impact our ability to leverage our extensive retail network to increase the number of subscribers and sell our products and services
- Evolving customer behaviour could result in ongoing customer suppression of mobile phone data and offloading onto Wi-Fi networks, as well as influence customer adoption of new services including, without limitation, 5G and IoT
- The convergence of wireline and wireless services is impacting product purchase choice by customers and could increase product substitution in favour of lower-margin products as well as increase churn. These trends are expected to increase with the continued adoption of 5G and 5G+.
- Increased embedded SIM (eSIM) adoption makes it easier for customers to change service providers and has the potential to upend existing distribution models, including negatively impacting roaming revenue
- Regulatory decisions regarding wholesale access to our wireless and fibre networks could facilitate entry of new competitors, including OTT players, or strengthen the market position of current competitors, or encourage existing competitors to expand beyond their traditional footprint, which may negatively impact our retail subscriber base in favour of lower-margin wholesale subscribers and thus could negatively impact our capacity to optimize scale and invest in our networks
- The extent and timely rollout of fibre networks and 5G and 5G+ mobile services may be adversely impacted by government and regulatory decisions, constraints on access to and price of network equipment, labour shortages and potential operational challenges in delivering new technology

- Cloud-based and OTT-based substitution and the market expansion of lower-cost VoIP, collaboration and software-defined networking in a wide area network (SD WAN) solutions offered by local and global competitors, such as traditional software players, are changing our approach to service offerings and pricing and could have an adverse effect on our business
- Increased insolvency, spending rationalization and consolidation by business customers could lead to further disruptions in our Bell CTS segment, driven by technology substitution, economic factors and customers' operational efficiencies
- The pressure from simpler, lower-cost, agile service models is driving in-sourcing trends, which could have an adverse impact on our managed services business
- Greater customer adoption of services like 5G, as well as IoT services and applications in the areas of retail (e.g., home automation), business (e.g., remote monitoring), transportation (e.g., connected car and asset tracking) and urban city optimization (smart cities), combined with the increased use of AI, is expected to accelerate competition in these areas
- Subscriber and viewer growth is challenged by changing viewer habits, the expansion and continued market penetration of global scale low-cost OTT content providers, OTT aggregators and other alternative service providers, some of which may offer content and platforms as loss leaders to support their core business, as well as account stacking, CRTC arbitration and a fragmentation of audiences due to an abundance of choices
- Competition, with both global competitors and traditional Canadian TV competitors, for programming content could drive significant increases in content acquisition and development costs as well as reduced access to key content as some competitors withhold content to enhance their OTT service offering
- The proliferation of content piracy could negatively impact our ability to monetize products and services beyond our current expectations, while creating bandwidth pressure without corresponding revenue growth in the context of regulated wholesale high-speed Internet access rates
- Our ability to grow digital and other alternative advertising revenue, in the context of a changing and fragmented advertising market, is being challenged by global-scale players
- Traditional radio faces accelerated substitution from new music players and alternative streaming services such as those offered by global audio streaming players and those made available by new technologies, including smart car services
- The launch by Canadian and international competitors of low earth orbit (LEO) satellites to provide connectivity, primarily in rural areas and the North, intensifies competition, which could adversely affect our network deployment strategy in such areas and negatively impact demand for our connectivity services. The ability of our subsidiary Northwestel, operating in Canada's North, to respond to the competitive threat from these providers is further hampered by CRTC retail Internet regulations.

For a further discussion of our competitive environment and related risks, as well as a list of our main competitors, on a segmented basis, refer to *Competitive landscape and industry trends* and *Principal business risks* in section 5, *Business segment analysis*.

## Technology/infrastructure transformation

Our networks | Our customers and relationships | Our products and services | Our financial resources

**The evolution and transformation of our networks, systems and operations using next-generation technologies, while lowering our cost structure, are essential to effective competition and customer experience**

Globalization, increased competition and ongoing technological advances are driving customer expectations for faster market responses, improved customer service, enhanced user experiences and cost-effective delivery. Meeting these expectations requires the deployment of new service and product technologies along with customer service tools that are network-neutral and based on a more collaborative and integrated development environment. The availability of improved networks and software technologies further provides the foundation for better and faster connections, which have in turn led to a significant growth in IoT applications. Change can be difficult and may present unforeseen obstacles that might impact successful execution, and this transition is made more challenging by the complexity of our multi-product environment, combined with the complexity of our network and IT infrastructure.

We are pursuing a transformation from a telco to a techco, which entails fundamentally improving the experience and value we deliver to customers enabled by modernized infrastructure, simplified business processes, and a right sized cost model. Failure to successfully pursue this transformation and accurately assess the potential of new technologies, or to invest and evolve in the appropriate direction in an environment of changing business models, could limit our ability to deliver value to our customers through easy and simple buy and support interactions and through enabling them to get what they want much faster through any channel, as well as limit our customers' ability to receive products, services and content to any device or location regardless of network access type. As a result, this could have an adverse impact on our business and financial results.

Our network and IT evolution activities seek to use new as well as evolving and developing technologies, including network functions virtualization, software-defined networks, cloud technologies, MEC, open source software, AI and machine learning. They further seek to transform our networks and systems through consolidation, virtualization and automation to achieve our objectives of becoming more agile in our service delivery and operations, as well as providing omni-channel capabilities for our customers and driving lower costs. Our evolution activities also focus on building next-generation converged wireline and wireless networks leveraging smart-core technologies, to enable competitive quality and customer experience at a competitive cost structure amid rapidly growing capacity requirements. Alignment across technology platforms, product and service development and operations is increasingly critical to ensure appropriate trade-offs and optimization of capital allocation. Failure to adopt best-in-class technology practices in transforming our operations in order to enable a truly customer-centric service experience may hinder our ability to build customers' trust in our innovation and technological capabilities and our ability to compete on footprint, service experience and cost structure. Any one or more of the above could have an adverse impact on our business, financial results and reputation.

Customer retention and new customer acquisitions may be hindered during our transformation activities if such transformation causes poor service performance, which in turn may adversely affect our ability to achieve operational and financial objectives. Failure to quickly maximize adaptable infrastructures, processes and technologies to efficiently respond to evolving customer patterns and behaviours and to leverage IP and automation across many facets of our network, product and service portfolio could inhibit a fully customer-centric approach. This could reduce our ability to provide comprehensive self-serve convenience, real-time provisioning, cost savings and flexibility in delivery and consumption, leading to negative business and financial outcomes.

We further seek to expand our network footprint to enhance our value proposition and meet customer needs while deploying technologies to support growth. However, adverse government, regulatory or court decisions may impact the specific nature, magnitude, location and timing of investment decisions. In particular, the requirement to provide aggregated access to our FTTP facilities on a wholesale basis, lowering of rates by the CRTC of mandated wholesale services over FTTP and/or FTTN, the imposition of unfavourable terms or the adoption of unfavourable rates in arbitration processes associated with the facilities-based MVNO access service the CRTC has implemented, the potential for additional mandated access to our networks, or the imposition of broader wholesale obligations on wireless networks would undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline and wireless networks. Failure to continue investment in next-generation capabilities in a disciplined, timely and strategic manner could limit our ability to compete effectively and to achieve desired business and financial results.

Other examples of risks that could affect the achievement of our desired technology/infrastructure transformation include the following:

- The current global economic environment as well as geopolitical events may bring about further incremental costs, delays or unavailability of equipment, materials and resources, which may impact our ability to continue building next-generation converged networks and drive other transformation initiatives
- Challenges in hiring, retaining, insourcing, and developing technical and skilled resources could adversely impact transformation activities. Potential deterioration in employee morale and de-prioritization of transformation initiatives due to staff reductions, cost reductions or reorganizations could adversely affect our transformation and financial results.
- Suboptimal capital deployment in network build, infrastructure and process upgrades, and customer service improvements, could hinder our ability to compete effectively
- Execution risk and lower or slower than expected savings achieved through targeted savings initiatives (e.g., vendor management, real estate optimization) could impact our ability to invest in the transformation
- We, and other telecommunications carriers upon which we rely to provide services, must be able to purchase high-quality, reputable network equipment and services from third-party suppliers on a timely basis and at a reasonable cost
- Network construction and deployment on municipal or private property requires the issuance of municipal or property owner consents, respectively, for the installation of network equipment, which could increase the cost of, and cause delays in, fibre and wireless rollouts
- The successful deployment of 5G mobile services could be impacted by various factors affecting coverage and costs
- Higher demand for faster Internet speed and capacity, coupled with governmental policies and initiatives, creates tensions around FTTP deployment in terms of geographic preference and pace of rollout
- The increasing dependence on applications for content delivery, sales, customer engagement and service experience drives the need for new and scarce capabilities (sourced internally or externally), that may not be available, as well as the need for associated operating processes integrated into ongoing operations
- New products, services or applications could reduce demand for our existing, more profitable service offerings or cause prices for those services to decline, and could result in a shorter life cycle for existing or developing technologies, which could increase depreciation and amortization expense
- The decommissioning of legacy equipment could be challenged by customer requirements to continue using older technologies as well as inherent risks involved with transitioning to new systems
- As content providers' business models change, content consumption habits evolve and viewing options increase, our ability to aggregate and distribute relevant content and our ability to develop alternative delivery vehicles to compete in new markets and increase customer engagement and revenue streams may be hindered by the significant software development and network investment required
- Successfully managing the development and deployment of relevant product solutions on a timely basis to match the speed of adoption of IoT in the areas of retail, business and government could be challenging
- Customers continue to expect improvements in customer service, new functions and features, and reductions in the price charged to provide those services. Our ability to provide such improvements increasingly relies upon using a number of rapidly evolving technologies, including AI, machine learning and "big data". However, the use of such technologies is being increasingly scrutinized by legislators and regulators. If we cannot build market-leading competencies in the use of these emerging technologies in a way that respects societal values, we may not be able to continue to meet changing customer expectations and to continue to grow our business.

# 4 Consolidated financial analysis

Our financial resources

**This section provides detailed information and analysis about BCE's performance in 2023 compared with 2022. It focuses on BCE's consolidated operating results and provides financial information for our Bell CTS and Bell Media business segments. For further discussion and analysis of our business segments, refer to section 5, *Business segment analysis*.**

## 4.1 Introduction

### BCE consolidated income statements

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Operating revenues | | | | |
| Service | **21,154** | 20,956 | 198 | 0.9% |
| Product | **3,519** | 3,218 | 301 | 9.4% |
| Total operating revenues | **24,673** | 24,174 | 499 | 2.1% |
| Operating costs | **(14,256)** | (13,975) | (281) | (2.0%) |
| Adjusted EBITDA | **10,417** | 10,199 | 218 | 2.1% |
| *Adjusted EBITDA margin* | ***42.2%*** | *42.2%* | | – |
| Severance, acquisition and other costs | **(200)** | (94) | (106) | n.m. |
| Depreciation | **(3,745)** | (3,660) | (85) | (2.3%) |
| Amortization | **(1,173)** | (1,063) | (110) | (10.3%) |
| Finance costs | | | | |
| Interest expense | **(1,475)** | (1,146) | (329) | (28.7%) |
| Net return on post-employment benefit plans | **108** | 51 | 57 | n.m. |
| Impairment of assets | **(143)** | (279) | 136 | 48.7% |
| Other expense | **(466)** | (115) | (351) | n.m. |
| Income taxes | **(996)** | (967) | (29) | (3.0%) |
| **Net earnings** | **2,327** | 2,926 | (599) | (20.5%) |
| Net earnings attributable to: | | | | |
| Common shareholders | **2,076** | 2,716 | (640) | (23.6%) |
| Preferred shareholders | **187** | 152 | 35 | 23.0% |
| Non-controlling interest | **64** | 58 | 6 | 10.3% |
| **Net earnings** | **2,327** | 2,926 | (599) | (20.5%) |
| **Adjusted net earnings** | **2,926** | 3,057 | (131) | (4.3%) |
| **Net earnings per common share (EPS)** | **2.28** | 2.98 | (0.70) | (23.5%) |
| **Adjusted EPS** | **3.21** | 3.35 | (0.14) | (4.2%) |

*n.m.: not meaningful*

## BCE statements of cash flows – selected information

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Cash flows from operating activities | **7,946** | 8,365 | (419) | (5.0%) |
| Capital expenditures | **(4,581)** | (5,133) | 552 | 10.8% |
| Free cash flow | **3,144** | 3,067 | 77 | 2.5% |

BCE operating revenues grew by 2.1% in 2023, compared to last year, attributable to higher product revenues of 9.4%, primarily due to greater wireless device sales, coupled with higher wireline equipment sales to large enterprise customers due to the alleviating year-over-year impact from global supply chain disruptions experienced in 2022. Service revenues also contributed to the growth in BCE operating revenues, increasing by 0.9% year over year, mainly from higher wireless and Internet revenues combined with the contribution from various acquisitions made during the year. This was moderated by continued erosion in legacy voice, data and satellite TV revenues, as well as lower media advertising revenues, primarily driven by ongoing unfavourable economic conditions.

In 2023, net earnings decreased by 20.5%, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets.

BCE's adjusted EBITDA grew by 2.1% in 2023, compared to last year, driven by growth from our Bell CTS segment, partly offset by a decline in our Bell Media segment. The year-over-year increase in adjusted EBITDA reflected higher operating revenues, partly offset by increased operating expenses, primarily attributable to greater cost of revenue, associated with the revenue growth, moderated by various cost reduction initiatives and operating efficiencies. This drove a corresponding adjusted EBITDA margin of 42.2% in 2023, which remained unchanged from last year.

In 2023, BCE's cash flows from operating activities decreased by $419 million, compared to 2022, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid, partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans.

Free cash flow increased by $77 million in 2023, compared to 2022, mainly due to lower capital expenditures, partly offset by lower cash flows from operating activities, excluding cash from acquisition and other costs paid.

# 4.2 Customer connections

Our customers
and relationships

## BCE net activations (losses)

| | 2023 | 2022 | % change |
|---|---|---|---|
| Mobile phone net subscriber activations (losses) | **411,189** | 489,901 | (16.1%) |
| *Postpaid* | ***426,172*** | *439,842* | *(3.1%)* |
| *Prepaid* | ***(14,983)*** | *50,059* | *n.m.* |
| Mobile connected device net subscriber activations | **293,307** | 202,024 | 45.2% |
| Retail high-speed Internet net subscriber activations | **187,126** | 201,762 | (7.3%) |
| Retail TV net subscriber (losses) activations | **(26,449)** | 5,148 | n.m. |
| *IPTV* | ***81,918*** | *94,400* | *(13.2%)* |
| *Satellite* | ***(108,367)*** | *(89,252)* | *(21.4%)* |
| Retail residential NAS lines net losses | **(176,612)** | (175,788) | (0.5%) |
| **Total services net activations** | **688,561** | 723,047 | (4.8%) |

*n.m.: not meaningful*

## Total BCE customer connections

| | 2023 | 2022 | % change |
|---|---|---|---|
| Mobile phone subscribers [2] | **10,287,046** | 9,949,086 | 3.4% |
| *Postpaid* [2] | ***9,422,830*** | *9,069,887* | *3.9%* |
| *Prepaid* | ***864,216*** | *879,199* | *(1.7%)* |
| Mobile connected devices subscribers [2] | **2,732,548** | 2,451,818 | 11.4% |
| Retail high-speed Internet subscribers [1][3][4] | **4,473,429** | 4,258,570 | 5.0% |
| Retail TV subscribers [1][4] | **2,725,292** | 2,751,498 | (1.0%) |
| *IPTV* [1][4] | ***2,070,342*** | *1,988,181* | *4.1%* |
| *Satellite* | ***654,950*** | *763,317* | *(14.2%)* |
| Retail residential NAS lines [1][4] | **2,021,617** | 2,190,771 | (7.7%) |
| **Total services subscribers** | **22,239,932** | 21,601,743 | 3.0% |

(1) *In Q2 2023, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 35,080, 243 and 7,458 subscribers, respectively, as a result of small acquisitions.*

(2) *In Q1 2023, we adjusted our mobile phone postpaid and mobile connected device subscriber bases to remove older non-revenue generating business subscribers of 73,229 and 12,577, respectively.*

(3) *In Q1 2023, subsequent to a review of customer account records, our retail high-speed Internet subscriber base was reduced by 7,347 subscribers.*

(4) *In Q4 2022, as a result of the acquisition of Distributel, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 128,065, 2,315 and 64,498 subscribers, respectively.*

BCE added 688,561 net retail subscriber activations in 2023, down 4.8% compared to last year. The net retail subscriber activations in 2023 consisted of:

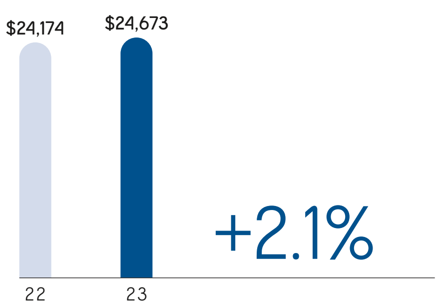
- 411,189 mobile phone net subscriber activations, along with 293,307 mobile connected device net subscriber activations
- 187,126 retail high-speed Internet net subscriber activations
- 26,449 retail TV net subscriber losses comprised of 108,367 retail satellite TV net subscriber losses, partly offset by 81,918 retail IPTV net subscriber activations
- 176,612 retail residential NAS lines net losses

At December 31, 2023, BCE's retail subscriber connections totaled 22,239,932, up 3.0% year over year, and consisted of:

- 10,287,046 mobile phone subscribers, up 3.4% year over year, and 2,732,548 mobile connected device subscribers, up 11.4% year over year
- 4,473,429 retail high-speed Internet subscribers, 5.0% higher year over year
- 2,725,292 total retail TV subscribers, comprised of 2,070,342 retail IPTV subscribers, up 4.1% year over year, and 654,950 retail satellite TV subscribers, down 14.2% year over year
- 2,021,617 retail residential NAS lines, down 7.7% year over year

# 4.3 Operating revenues

**BCE**
Revenues
(in $ millions)



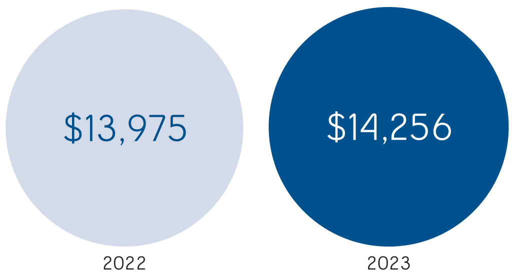

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **21,926** | 21,301 | 625 | 2.9% |
| Bell Media | **3,117** | 3,254 | (137) | (4.2%) |
| Inter-segment eliminations | **(370)** | (381) | 11 | 2.9% |
| **Total BCE operating revenues** | **24,673** | 24,174 | 499 | 2.1% |

## BCE

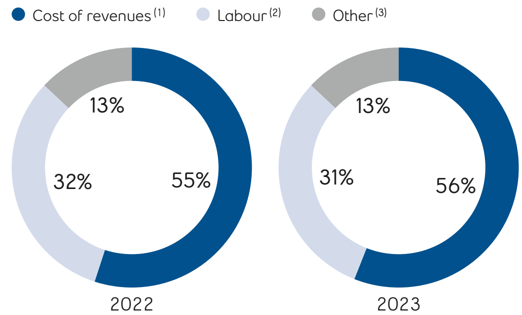
BCE operating revenues increased by 2.1% in 2023, compared to last year, driven by 9.4% higher product revenues of $3,519 million and 0.9% higher service revenues of $21,154 million. The year-over-year growth in operating revenues reflected higher revenues from our Bell CTS segment, partly offset by a decline in our Bell Media segment. Bell CTS operating revenues grew by 2.9%, year over year, due to higher product and service revenues of 9.4% and 1.8%, respectively. The higher service revenues were driven by ongoing growth in wireless and wireline data revenues, moderated by continued erosion in wireline voice revenues. Bell Media operating revenues declined by 4.2% in 2023, compared to last year, from lower advertising revenues, partly offset by higher subscriber revenues.

## 4.4 Operating costs

**BCE**
Operating costs
(in $ millions)




**BCE**
Operating cost profile




| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **(12,206)** | (11,847) | (359) | (3.0%) |
| Bell Media | **(2,420)** | (2,509) | 89 | 3.5% |
| Inter-segment eliminations | **370** | 381 | (11) | (2.9%) |
| **Total BCE operating costs** | **(14,256)** | (13,975) | (281) | (2.0%) |

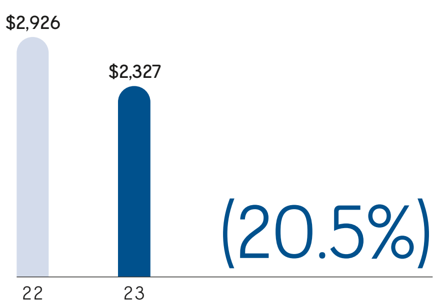
(1) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(2) *Labour costs (net of capitalized costs) include wages, salaries and related taxes and benefits, post-employment benefit plans service cost, and other labour costs, including contractor and outsourcing costs.*
(3) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, IT costs, professional service fees and rent.*

### BCE

BCE operating costs increased by 2.0% in 2023, compared to last year, due to higher expenses at Bell CTS of 3.0%, primarily reflecting increased cost of revenues associated with the revenue growth, partly offset by lower expenses at Bell Media of 3.5%, due to lower programming and content costs.

## 4.5 Net earnings

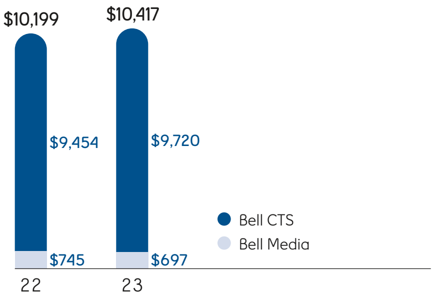
**BCE**
Net earnings
(in $ millions)



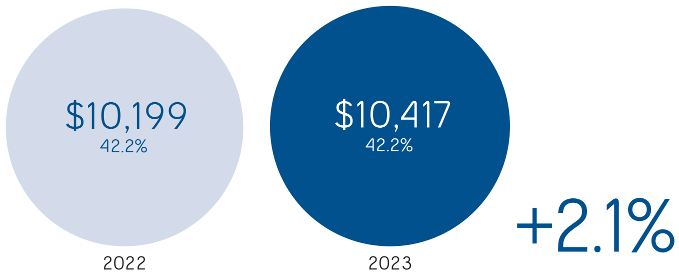

In 2023, net earnings decreased by 20.5%, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets.

## 4.6 Adjusted EBITDA

**BCE**
Adjusted EBITDA
(in $ millions)




**BCE**
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)




| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **9,720** | 9,454 | 266 | 2.8% |
| *Adjusted EBITDA margin* | ***44.3%*** | *44.4%* | | *(0.1) pts* |
| Bell Media | **697** | 745 | (48) | (6.4%) |
| *Adjusted EBITDA margin* | ***22.4%*** | *22.9%* | | *(0.5) pts* |
| **Total BCE adjusted EBITDA** | **10,417** | 10,199 | 218 | 2.1% |
| *Adjusted EBITDA margin* | ***42.2%*** | *42.2%* | | – |

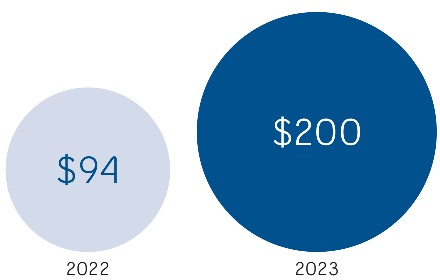
### BCE

BCE's adjusted EBITDA grew by 2.1% in 2023, compared to last year, driven by a higher year-over-year contribution from Bell CTS of 2.8%, moderated by a decline in Bell Media of 6.4%. The increase in adjusted EBITDA was driven by higher operating revenues, partly offset by increased operating expenses. Adjusted EBITDA margin of 42.2% in 2023 remained unchanged from 2022.

## 4.7 Severance, acquisition and other costs

*This category includes various income and expenses that are not related directly to the operating revenues generated during the year. This includes severance costs consisting of charges related to involuntary and voluntary employee terminations, as well as transaction costs, such as legal and financial advisory fees, related to completed or potential acquisitions, employee severance costs related to the purchase of a business, the costs to integrate acquired companies into our operations, costs relating to litigation and regulatory decisions, when they are significant, and other costs.*

**BCE**
Severance, acquisition and other costs
(in $ millions)




### 2023

Severance, acquisition and other costs included:

- Severance costs of $134 million related to involuntary and voluntary employee terminations
- Acquisition and other costs of $66 million

### 2022

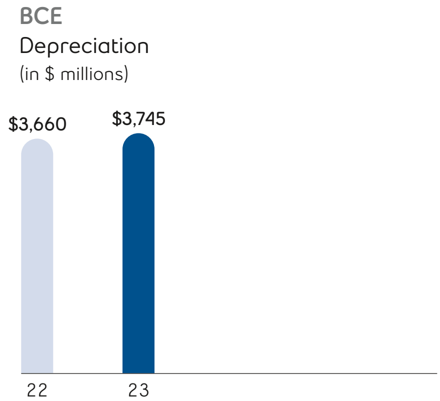
Severance, acquisition and other costs included:

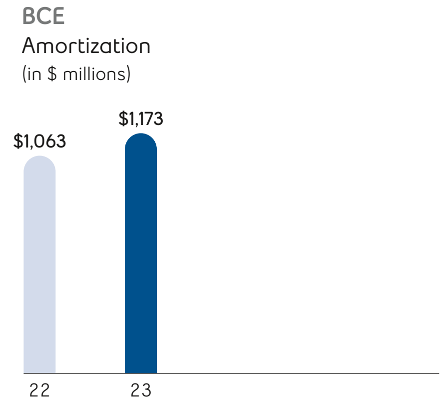
- Severance costs of $83 million related to involuntary and voluntary employee terminations
- Acquisition and other costs of $11 million

## 4.8 Depreciation and amortization

*The amount of our depreciation and amortization in any year is affected by:*

- *How much we invested in new property, plant and equipment and intangible assets in previous years*
- *How many assets we retired during the year*
- *Estimates of the useful lives of assets*



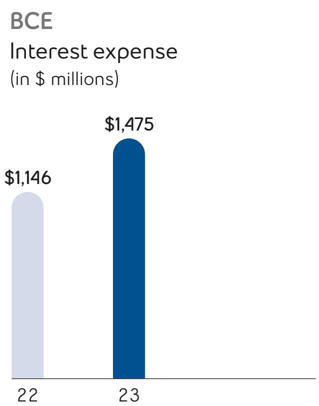

### Depreciation

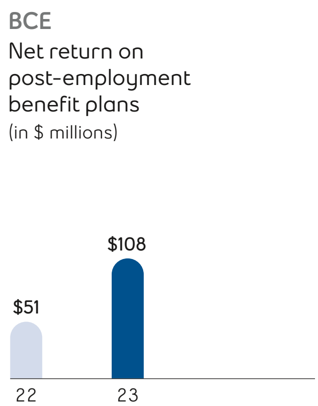
Depreciation in 2023 increased by $85 million, compared to 2022, mainly due to a higher asset base as we continued to invest in our broadband and wireless networks.

### Amortization

Amortization in 2023 increased by $110 million, compared to 2022, mainly due to a higher asset base.

## 4.9 Finance costs




### Interest expense

Interest expense in 2023 increased by $329 million, compared to 2022, mainly due to higher average debt balances and higher interest rates.

### Net return on post-employment benefit plans

Net return on our post-employment benefit plans is based on market conditions that existed at the beginning of the year as well as the net post-employment benefit plan asset (liability). On January 1, 2023, the discount rate was 5.3% compared to 3.2% on January 1, 2022.

In 2023, net return on post-employment benefit plans increased by $57 million, compared to last year, as a result of a higher discount rate in 2023 and a higher net asset position.

The impacts of changes in market conditions during the year are recognized in *Other comprehensive (loss) income* (OCI).

# 4.10 Impairment of assets

## 2023

During the fourth quarter of 2023, we recognized $86 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to market-based valuation assumptions. These charges included $41 million allocated to indefinite-life intangible assets for broadcast licences and brands, and $45 million to finite-life intangible assets for program and feature film rights.

There was no impairment of Bell Media goodwill.

Additionally in 2023, we recorded impairment charges of $57 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

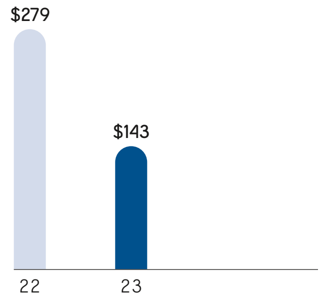
## 2022

During the fourth quarter of 2022, we recognized $147 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to assumptions for discount rates. These charges included $94 million allocated to indefinite-life intangible assets for broadcast licences, and $53 million to finite-life intangible assets for program and feature film rights.

There was no impairment of Bell Media goodwill.

Additionally in 2022, we recorded impairment charges of $132 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

**BCE**
Impairment of assets
(in $ millions)



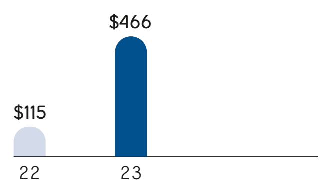



# 4.11 Other expense

*Other (expense) income includes income and expense items, such as:*

- *Net mark-to-market gains or losses on derivatives used to economically hedge equity settled share-based compensation plans*
- *Equity income or losses from investments in associates and joint ventures*
- *Gains or losses on retirements and disposals of property, plant and equipment and intangible assets*
- *Gains or losses on investments, including gains or losses when we dispose of, write down or reduce our ownership in investments*
- *Early debt redemption costs*
- *Interest income*

**BCE**
Other expense
(in $ millions)




| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Equity (losses) income from investments in associates and joint ventures | | |
| Loss on investment | **(581)** | (42) |
| Operations | **28** | (19) |
| Net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans | **(103)** | (53) |
| Early debt redemption costs | **(1)** | (18) |
| Gains on investments | **80** | 24 |
| Interest income | **67** | 22 |
| Gains (losses) on retirements and disposals of property, plant and equipment and intangible assets | **11** | (27) |
| Other | **33** | (2) |
| **Total other expense** | **(466)** | (115) |

### 2023

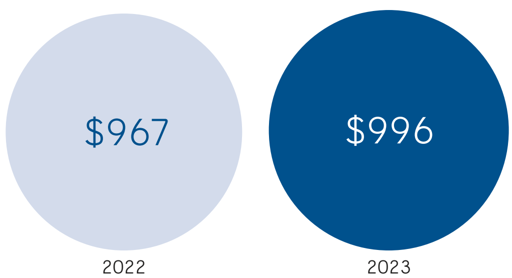
Other expense of $466 million included losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures and net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, partly offset by gains on our investments as a result of the sale of our 63% ownership in certain production studios and higher interest income.

### 2022

Other expense of $115 million included net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, losses on our equity investments which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures and losses on operations from our equity investments, losses on retirements and disposals of property, plant and equipment and intangible assets and early debt redemption costs, partly offset by gains on investments which included a gain related to the sale of our wholly-owned subsidiary, 6362222 Canada Inc. (Createch).

## 4.12 Income taxes

BCE
Income taxes
(in $ millions)



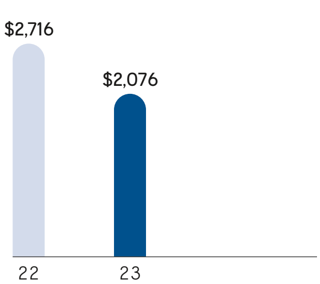

The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.8% for both 2023 and 2022.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Net earnings | **2,327** | 2,926 |
| Add back income taxes | **996** | 967 |
| Earnings before income taxes | **3,323** | 3,893 |
| Applicable statutory tax rate | **26.8%** | 26.8% |
| Income taxes computed at applicable statutory rates | **(891)** | (1,043) |
| Non-taxable portion of gains on investments | **5** | 4 |
| Uncertain tax positions | **16** | 91 |
| Change in estimate relating to prior periods | **10** | – |
| Non-taxable portion of equity losses | **(149)** | (18) |
| Other | **13** | (1) |
| **Total income taxes** | **(996)** | (967) |
| **Average effective tax rate** | **30.0%** | 24.8% |

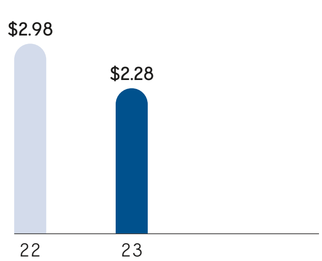
Income taxes in 2023 increased by $29 million, compared to 2022, mainly due to a lower value of uncertain tax positions favourably resolved in 2023 compared to 2022, partly offset by lower taxable income.

## 4.13 Net earnings attributable to common shareholders and EPS

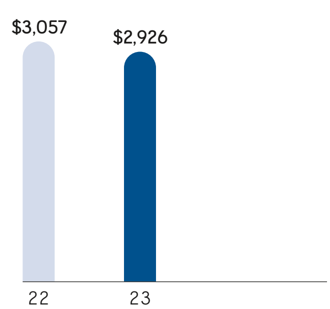
BCE
Net earnings attributable to common shareholders
(in $ millions)



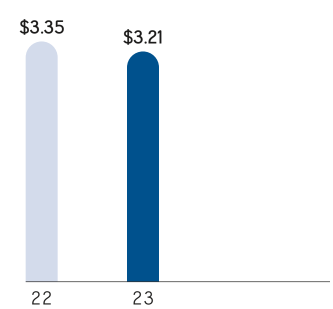

BCE
EPS
(in $)




BCE
Adjusted net earnings
(in $ millions)




BCE
Adjusted EPS
(in $)



Net earnings attributable to common shareholders in 2023 decreased by $640 million, or $0.70 per common share, compared to 2022, due to higher other expense mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets.

Excluding the impact of severance, acquisition and other costs, net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans, net equity gains (losses) on investments in associates and joint ventures, net gains (losses) on investments, early debt redemption costs and impairment of assets, net of tax and NCI, adjusted net earnings in 2023 was $2,926 million, or $3.21 per common share, compared to $3,057 million, or $3.35 per common share, in 2022.

## 4.14 Capital expenditures

Our networks

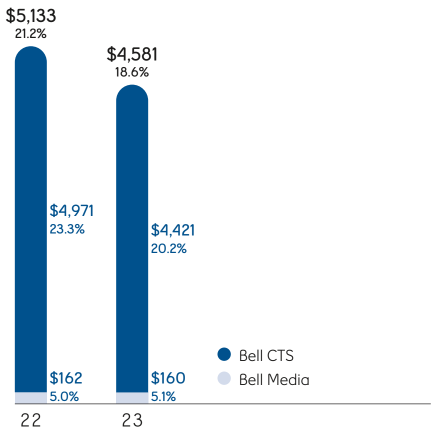
BCE

Capital expenditures

(in $ millions)

Capital intensity

(%)




**BCE capital expenditures** of $4,581 million in 2023, declined by 10.8% year over year, which corresponded to a capital intensity ratio of 18.6%, down 2.6 pts over last year. The decline was driven by lower planned capital spending in 2023 subsequent to accelerated network investments in 2022, as well as an unplanned additional $105 million decrease in Q4 2023 as a result of the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network. We continued to focus our investments in 2023 on the further expansion of our FTTP and mobile 5G networks.

## 4.15 Cash flows

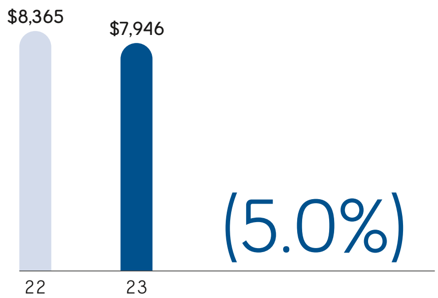
In 2023, BCE's cash flows from operating activities decreased by $419 million, compared to 2022, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid, partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans.

Free cash flow increased by $77 million in 2023, compared to 2022, mainly due to lower capital expenditures, partly offset by lower cash flows from operating activities, excluding cash from acquisition and other costs paid.

BCE

Cash flows from operating activities

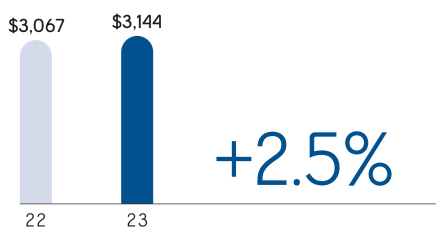
(in $ millions)




BCE

Free cash flow

(in $ millions)



# 5 Business segment analysis

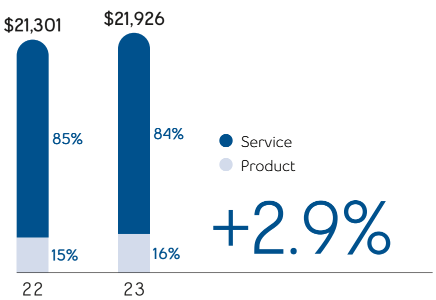
Our networks | Our customers and relationships | Our products and services | Our financial resources

## 5.1 Bell CTS

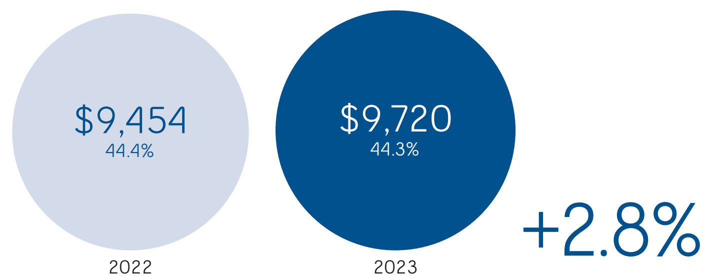
### Financial performance analysis

**2023 performance highlights**

Bell CTS
Revenues
(in $ millions)




Bell CTS
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)




**Total mobile phone subscriber growth (1)**
+3.4%
in 2023

**Mobile phone postpaid net subscriber activations in 2023**
426,172
Decreased 3.1% vs. 2022

**Mobile phone prepaid net subscriber losses in 2023**
(14,983)
vs. net activations of 50,059 in 2022

**Mobile phone postpaid churn in 2023**
1.15%
Increased 0.23 pts vs. 2022

**Mobile phone blended average revenue per user (ARPU) (2) per month**
+0.3%
2023: $59.08
2022: $58.92

**Retail high-speed Internet subscriber growth (3) (4) (5)**
+5.0%
in 2023

**Retail high-speed Internet net subscriber activations in 2023**
187,126
Decreased 7.3% vs. 2022

**Retail TV subscriber decline (3) (5)**
(1.0%)
in 2023

**Retail IPTV net subscriber activations in 2023**
81,918
Decreased 13.2% vs. 2022

**Retail residential NAS lines subscriber decline (3) (5)**
(7.7%)
in 2023

(1) *In Q1 2023, we adjusted our mobile phone postpaid subscriber base to remove older non-revenue generating business subscribers of 73,229.*

(2) *Effective Q1 2023, as a result of the segment reporting changes impacting intersegment eliminations, ARPU has been updated and is defined as Bell CTS wireless external services revenues (previously wireless operating service revenues) divided by the average mobile phone subscriber base for the specified period, expressed as a dollar unit per month.*

(3) *In Q2 2023, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 35,080, 243 and 7,458 subscribers, respectively, as a result of small acquisitions.*

(4) *In Q1 2023, subsequent to a review of customer account records, our retail high-speed Internet subscriber base was reduced by 7,347 subscribers.*

(5) *In Q4 2022, as a result of the acquisition of Distributel, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 128,065, 2,315 and 64,498 subscribers, respectively.*

## Bell CTS results

### Revenues

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Wireless | **7,120** | 6,821 | 299 | 4.4% |
| Wireline data | **8,084** | 7,920 | 164 | 2.1% |
| Wireline voice | **2,862** | 3,002 | (140) | (4.7%) |
| Other wireline services | **312** | 309 | 3 | 1.0% |
| **External service revenues** | **18,378** | 18,052 | 326 | 1.8% |
| Inter-segment service revenues | **29** | 31 | (2) | (6.5%) |
| **Operating service revenues** | **18,407** | 18,083 | 324 | 1.8% |
| Wireless | **2,885** | 2,714 | 171 | 6.3% |
| Wireline | **634** | 504 | 130 | 25.8% |
| **External/Operating product revenues** | **3,519** | 3,218 | 301 | 9.4% |
| **Total external revenues** | **21,897** | 21,270 | 627 | 2.9% |
| **Total operating revenues** | **21,926** | 21,301 | 625 | 2.9% |

**Bell CTS operating revenues** grew by 2.9% in 2023, compared to last year, driven by both higher service and product revenues. The year-over-year increase in service revenues reflected higher wireless and wireline data revenues, partly offset by continued erosion in wireline voice revenues.

**Bell CTS operating service revenues** increased by 1.8% in 2023, compared to 2022.

- **Wireless revenues** increased by 4.4% in 2023, compared to last year, driven by:
  - Continued growth in our mobile phone and connected device subscriber bases coupled with the flow-through of rate increases
  - Higher roaming revenues due to increased international travel

  These factors were partly offset by:
  - Unfavourable impact of competitive pricing pressures
  - Lower data overages driven by greater customer adoption of monthly plans with higher data thresholds, including unlimited plans
- **Wireline data revenues** increased by 2.1% in 2023, compared to last year, driven by:
  - Greater retail Internet and IPTV subscriber bases, coupled with the flow-through of residential rate increases
  - The acquisitions of Distributel in December 2022, FX Innovation in June 2023, and other small acquisitions made during the year
  - Increased sales of maintenance contracts and software subscriptions to business customers

  These factors were partly offset by:
  - Greater acquisition, retention and bundle discounts on residential services
  - Ongoing erosion in our satellite TV subscriber base, along with IP connectivity and legacy data declines
- **Wireline voice revenues** decreased by 4.7% in 2023, compared to last year, driven by:
  - Ongoing retail residential NAS lines erosion, combined with business voice declines, driven by technological substitution to wireless and Internet-based services
  - Reduced sales of international wholesale long distance minutes

  These factors were partly offset by:
  - Flow-through of residential rate increases
  - The acquisition of Distributel in December 2022 and other small acquisitions made during the year

**Bell CTS operating product revenues** increased by 9.4% in 2023, over last year.

- **Wireless operating product revenues** increased by 6.3% in 2023, compared to last year, due to greater sales mix of premium mobile phones and disciplined handset pricing, partly offset by lower contracted sales volumes and reduced consumer electronic sales at The Source
- **Wireline operating product revenues** grew by 25.8% year over year, from strong sales to large business customers mainly due to the alleviating year-over-year impact from global supply chain challenges experienced in 2022

### Operating costs and adjusted EBITDA

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Operating costs | **(12,206)** | (11,847) | (359) | (3.0%) |
| **Adjusted EBITDA** | **9,720** | 9,454 | 266 | 2.8% |
| **Adjusted EBITDA margin** | **44.3%** | 44.4% | | (0.1) pts |

**Bell CTS operating costs** increased by 3.0% in 2023, compared to 2022, due to:

- Greater costs from the acquisitions of Distributel in December 2022, FX Innovation in June 2023, and other small acquisitions made during the year
- Higher cost of goods sold corresponding to higher product revenues
- Increased costs related to the revenue growth from maintenance and software subscriptions

These factors were partly offset by:

- Lower labour costs reflecting workforce reductions, along with various other cost reduction initiatives and operating efficiencies
- Pension savings, driven by lower DB expense due to a higher year-over-year discount rate
- Lower year-over-year storm-related repairs expense

**Bell CTS adjusted EBITDA** increased by 2.8% in 2023, compared to last year, due to higher operating revenues, partly offset by greater operating costs. Adjusted EBITDA margin of 44.3% in 2023, was essentially stable year over year, decreasing by only 0.1 pts over last year, reflecting an increased proportion of low-margin product sales in our total revenue base, partly offset by service revenue flow-through.

## Bell CTS operating metrics

### Wireless

| | 2023 | 2022 | Change | % change |
|---|---|---|---|---|
| **Mobile phones** | | | | |
| Blended ARPU ($/month) | **59.08** | 58.92 | 0.16 | 0.3% |
| Gross subscriber activations | **2,224,555** | 1,953,912 | 270,643 | 13.9% |
| *Postpaid* | ***1,608,503*** | *1,355,772* | *252,731* | *18.6%* |
| *Prepaid* | ***616,052*** | *598,140* | *17,912* | *3.0%* |
| Net subscriber activations (losses) | **411,189** | 489,901 | (78,712) | (16.1%) |
| *Postpaid* | ***426,172*** | *439,842* | *(13,670)* | *(3.1%)* |
| *Prepaid* | ***(14,983)*** | *50,059* | *(65,042)* | *n.m.* |
| Blended churn % (average per month) | **1.51%** | 1.27% | | (0.24) pts |
| *Postpaid* | ***1.15%*** | *0.92%* | | *(0.23) pts* |
| *Prepaid* | ***5.31%*** | *4.85%* | | *(0.46) pts* |
| Subscribers (1) | **10,287,046** | 9,949,086 | 337,960 | 3.4% |
| *Postpaid (1)* | ***9,422,830*** | *9,069,887* | *352,943* | *3.9%* |
| *Prepaid* | ***864,216*** | *879,199* | *(14,983)* | *(1.7%)* |
| **Mobile connected devices** | | | | |
| Net subscriber activations | **293,307** | 202,024 | 91,283 | 45.2% |
| Subscribers (1) | **2,732,548** | 2,451,818 | 280,730 | 11.4% |

*n.m.: not meaningful*

(1) *In Q1 2023, we adjusted our mobile phone postpaid and mobile connected device subscriber bases to remove older non-revenue generating business subscribers of 73,229 and 12,577, respectively.*

**Mobile phone blended ARPU** of $59.08 increased by 0.3% in 2023, compared to last year, driven by:

- Higher roaming revenues due to increased international travel
- Flow-through of rate increases

These factors were partly offset by:

- Unfavourable impact of competitive pricing pressures
- Lower data overages due to greater customer adoption of monthly plans with higher data thresholds, including unlimited plans

**Mobile phone gross subscriber activations** grew by 13.9% in 2023, compared to 2022, due to both higher postpaid and prepaid gross subscriber activations.

- **Mobile phone postpaid gross subscriber activations** increased by 18.6% in 2023, compared to last year, driven by increased immigration, continued 5G momentum, successful bundled service offerings and effective promotions
- **Mobile phone prepaid gross subscriber activations** increased by 3.0% in 2023, compared to last year, driven by higher immigration and travel to Canada, partly offset by more attractive promotional offers in the market on postpaid discount brands

**Mobile phone net subscriber activations** decreased by 16.1% in 2023, compared to 2022, due to lower postpaid net subscriber activations, as well as prepaid net subscriber losses.

- **Mobile phone postpaid net subscriber activations** decreased by 3.1% in 2023, compared to last year, due to higher subscriber deactivations, partly offset by higher gross activations and greater migrations from prepaid
- **Mobile phone prepaid net subscriber losses** were 65,042 unfavourable in 2023, compared to last year, due to higher subscriber deactivations and greater migrations to postpaid, partly offset by higher gross activations

**Mobile phone blended churn** of 1.51% increased by 0.24 pts in 2023, compared to 2022.

- **Mobile phone postpaid churn** of 1.15% increased by 0.23 pts in 2023, compared to last year, due to higher subscriber deactivations driven by greater overall competitive market activity and promotional offer intensity compared to last year
- **Mobile phone prepaid churn** of 5.31% increased by 0.46 pts in 2023, compared to last year, due to higher subscriber deactivations driven by greater overall competitive market activity and more attractive promotional offers in the market on postpaid discount brands

**Mobile phone subscribers** at December 31, 2023 totaled 10,287,046, an increase of 3.4%, from 9,949,086 subscribers reported at the end of last year. This consisted of 9,422,830 postpaid subscribers, an increase of 3.9% from 9,069,887 subscribers at the end of 2022, and 864,216 prepaid subscribers, a decrease of 1.7% from 879,199 subscribers at the end of 2022.

**Mobile connected device net subscriber activations** increased by 45.2% in 2023, compared to last year, due to lower net losses from data devices, primarily fewer tablet deactivations, higher connected car subscriptions and greater business IoT net activations.

**Mobile connected device subscribers** at December 31, 2023 totaled 2,732,548, an increase of 11.4% from 2,451,818 subscribers reported at the end of 2022.

## Wireline data

### Retail high-speed Internet

| | 2023 | 2022 | Change | % change |
|---|---|---|---|---|
| Retail net subscriber activations | **187,126** | 201,762 | (14,636) | (7.3%) |
| Retail subscribers (1) (2) (3) | **4,473,429** | 4,258,570 | 214,859 | 5.0% |

(1) *In Q2 2023, our retail high-speed Internet subscriber base increased by 35,080 as a result of small acquisitions.*
(2) *In Q1 2023, subsequent to a review of customer account records, our retail high-speed Internet subscriber base was reduced by 7,347 subscribers.*
(3) *In Q4 2022, as a result of the acquisition of Distributel, our retail high-speed Internet subscriber base increased by 128,065.*

**Retail high-speed Internet net subscriber activations** decreased by 7.3% in 2023, compared to 2022, due to greater deactivations in our non-FTTP service footprint reflecting aggressive promotional offers by competitors. This was partly offset by higher customer gross activations driven by the ongoing expansion of our FTTP footprint, the success of our bundled service offerings and multi-brand strategy, as well as the contribution from Distributel and other small acquisitions made during the year.

**Retail high-speed Internet subscribers** totaled 4,473,429 at December 31, 2023, up 5.0% from 4,258,570 subscribers reported at the end of 2022. In Q1 2023, our retail high-speed Internet subscriber base was decreased by 7,347 subscribers, subsequent to a review of customer account records. Additionally, in Q2 2023, our retail high-speed Internet subscriber base increased by 35,080 as a result of small acquisitions.

### Retail TV

| | 2023 | 2022 | Change | % change |
|---|---|---|---|---|
| Retail net subscriber (losses) activations | **(26,449)** | 5,148 | (31,597) | n.m. |
| *IPTV* | ***81,918*** | *94,400* | *(12,482)* | *(13.2%)* |
| *Satellite* | ***(108,367)*** | *(89,252)* | *(19,115)* | *(21.4%)* |
| Total retail subscribers (1) (2) | **2,725,292** | 2,751,498 | (26,206) | (1.0%) |
| *IPTV (1) (2)* | ***2,070,342*** | *1,988,181* | *82,161* | *4.1%* |
| *Satellite* | ***654,950*** | *763,317* | *(108,367)* | *(14.2%)* |

*n.m.: not meaningful*
(1) *In Q2 2023, our retail IPTV subscriber base increased by 243 as a result of small acquisitions.*
(2) *In Q4 2022, as a result of the acquisition of Distributel, our retail IPTV base increased by 2,315 subscribers.*

**Retail IPTV net subscriber activations** decreased by 13.2% in 2023, compared to 2022, driven by higher deactivations, primarily from our app streaming service, mainly attributable to a greater number of customers with expired promotional offers, as well as reflecting greater competitive intensity and higher substitution with OTT services. This was partly mitigated by increased activations from greater Internet pull-through.

**Retail satellite TV net subscriber losses** increased by 21.4% in 2023, compared to last year, attributable to aggressive offers from cable competitors, particularly in rural areas, along with increased substitution with OTT services.

**Total retail TV net subscriber losses** (IPTV and satellite TV combined) were unfavourable by 31,597 year over year, due to higher satellite TV net losses, and lower IPTV net activations.

**Retail IPTV subscribers** at December 31, 2023 totaled 2,070,342, up 4.1% from 1,988,181 subscribers reported at the end of 2022. In Q2 2023, our retail IPTV subscriber base increased by 243 as a result of small acquisitions.

**Retail satellite TV subscribers** at December 31, 2023 totaled 654,950, down 14.2% from 763,317 subscribers reported at the end of 2022.

**Total retail TV subscribers** (IPTV and satellite TV combined) at December 31, 2023 were 2,725,292 decreasing by 1.0% over the 2,751,498 subscribers at the end of 2022. In Q2 2023, our retail IPTV subscriber base increased by 243 as a result of small acquisitions.

## Wireline voice

| | 2023 | 2022 | Change | % change |
|---|---|---|---|---|
| Retail residential NAS lines net losses | **(176,612)** | (175,788) | (824) | (0.5%) |
| Retail residential NAS lines (1) (2) | **2,021,617** | 2,190,771 | (169,154) | (7.7%) |

(1) *In Q2 2023, our retail residential NAS lines subscriber base increased by 7,458 subscribers as a result of small acquisitions.*
(2) *In Q4 2022, as a result of the acquisition of Distributel, our retail residential NAS lines subscriber base increased by 64,498 subscribers.*

**Retail residential NAS lines net losses** increased by 0.5%, compared to 2022, as the growth in gross activations was more than offset by higher year-over-year deactivations, mainly due to lower deactivations in Q1 2022 as a result of the COVID-19 pandemic and the unfavourable impact of continued substitution to wireless and Internet-based technologies.

**Retail residential NAS lines** at December 31, 2023 of 2,021,617 declined by 7.7% from 2,190,771 lines reported at the end of 2022. In Q2 2023, our retail residential NAS lines subscriber base increased by 7,458 subscribers as a result of small acquisitions. The erosion in retail residential NAS lines of 7.7% deteriorated over the 4.7% rate of erosion experienced in 2022, mainly due to the impact of the acquisition of Distributel and EBOX in 2022.

# Competitive landscape and industry trends

This section contains forward-looking statements, including relating to our business outlook. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## Competitive landscape

### Wireless products and services

The Canadian wireless industry has experienced strong subscriber growth in recent years, supported by immigration and population growth, a continued increase in the rate of penetration in line with the trend toward multiple devices, and the ongoing adoption of mobile devices and services. With penetration rates in other developed nations well above 100% (United States, Europe and Asia), the Canadian mobile phone penetration rate is expected to continue to increase, above and beyond the approximate rate of 91% for 2023.

In 2023, the Canadian wireless industry continued to experience heightened levels of competition nationally, particularly within the flanker brand environment. This competitive intensity has led to continued declines in chargeable data usage and rising levels of data allocation in monthly plans, including unlimited data plans, in addition to other ongoing factors, such as the popularity of data sharing plans and an evolving shift in the customer mix toward non-traditional mobile devices and tools such as video chats. The roll-out of 5G network infrastructure continued in 2023, with 5G coverage by the national carriers reaching approximately 86% of the Canadian population at the end of 2023, compared to approximately 80% at the end of 2022. For Bell, our long-standing focus on network excellence is reflected in the recognition we received from independent third-party sources in 2023, including being recognized as Canada's fastest and best 5G network by GWS for the third consecutive year in its 2023 nationwide assessment of 5G networks. New this year, GWS's testing included 3500 MHz network wireless spectrum and determined Bell's network (5G+) performance to be the fastest and best in the country.

The Canadian wireless industry remains highly competitive and capital-intensive among facilities-based providers, as carriers continue to expand and enhance their broadband wireless networks, including the ongoing build-out of 5G, as well as making significant investments in spectrum.

#### Competitors for wireless products and services

- Facilities-based national wireless service providers Rogers, the Telus Corporation group of companies (Telus) and Québecor Inc. (Québecor)
- Regional facilities-based wireless service providers Saskatchewan Telecommunications Holding Corporation, which provides service in Saskatchewan; Bragg Communications Inc. (Eastlink), which provides service in the three Maritime provinces

### Wireline products and services

The cable market changed in 2023 as Rogers completed its acquisition of Shaw, creating a Canadian competitor with larger scale. An estimated 7.5 million Internet subscribers received their service over the networks of the three largest cable companies at the end of 2023, relatively unchanged from 2022. Meanwhile, an estimated 7.6 million Internet subscribers received their service over the networks of incumbent local exchange carriers (ILECs) like Bell at the end of 2023, compared to approximately 7.2 million at the end of 2022. Bell continues to make gains in market share as a result of the ongoing expansion of our FTTP direct fibre network and increased customer penetration of bundled service offerings. Our ongoing focus on FTTP and its superior characteristics as compared to cable, such as higher and symmetrical download and upload speeds, has allowed us to connect more than 7 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba to our pure fibre technology. Notably, Bell pure fibre Internet was awarded fastest in Canada in Ookla's Q1-Q2 and Q3-Q4 2023 Speedtest Awards reports, with the reports also ranking Bell pure fibre Wi-Fi as fastest in the country – both for the second time in a row. In addition, Bell was named the Best Major & All Around ISP in PCMag's Best ISPs 2023 Canada report. Bell recognitions also include BrandSpark's Most Trusted ISP 2023 and 2024.

While Canadians still watch conventional TV, digital streaming platforms are playing an increasingly important role in the broadcasting industry and in the distribution of content. Popular online video services are providing Canadians with more choice about where, when and how to access video content. In 2023, ILECs offering IPTV service expanded their subscriber base by an estimated 4% to reach 3.5 million customers, or a 38% market share, up compared to approximately 34% at the end of 2022, through wider network coverage, enhanced differentiated services and bundled offerings, and marketing and promotions focused on IPTV. Canada's three largest cable companies had an estimated 4.7 million TV subscribers, or a 50% market share at the end of 2023, up compared to 48% at the end of 2022. The balance of industry subscribers were served by satellite TV and regional providers.

In recent years, two of the largest Canadian cable companies have launched new TV services based on the Comcast X1 video platform – Rogers (and previously Shaw prior to its acquisition by Rogers) and Québecor's Vidéotron brand. Our IPTV platform (Fibe TV, Fibe TV app and Virgin Plus TV) continues to offer numerous service advantages compared to this cable platform, including: flexible pricing plans and packages available to all customers; picture clarity and quality; content depth and breadth; the number of ways customers can access content, including wireless set-top boxes, Restart TV, higher-capacity PVR and the Fibe TV app. We continue to offer more on-demand content and more OTT content with Crave, Netflix, Prime Video and YouTube all in one place.

The financial performance of the overall Canadian wireline telecommunications market continues to be impacted by the ongoing declines in legacy voice service revenues resulting from technological substitution to wireless and OTT services, as well as by the ongoing conversion to IP-based data services and networks by large business customers. Canada's three largest cable companies had an estimated combined base of approximately 2.7 million telephony subscribers at the end of 2023, representing a national residential market share of approximately 41%, relatively flat compared to 2022. Telecommunications companies had an estimated combined total of 3.3 million telephony subscribers at the end of 2023, representing a market share of approximately 50%, up compared to approximately 49% at the end of 2022. Other non-facilities-based competitors also offer local and long distance VoIP services and resell high-speed Internet services.

**Competitors for wireline products and services**

- Cable TV providers offering cable TV, Internet and cable telephony services, including:
  - Rogers in Ontario, New Brunswick, Newfoundland and Labrador, and upon its acquisition of Shaw, in British Columbia, Alberta, Saskatchewan and Manitoba
  - Vidéotron in Québec
  - Cogeco Cable Inc. (a subsidiary of Cogeco Inc.) (Cogeco) in Ontario and Québec
  - Shaw Direct, providing satellite TV service nationwide
  - Eastlink in every province except Saskatchewan, where it does not provide cable TV and Internet service
- Telus provides residential voice, Internet and IPTV services in British Columbia, Alberta and Eastern Québec
- Telus and Allstream Inc. (Allstream) provide wholesale products and business services across Canada
- Various others such as TekSavvy Solutions and Vonage Canada (a division of Vonage Holdings Corp.) offer resale or VoIP-based local, long distance and Internet services
- LEO satellite providers offering Internet services
- OTT voice and/or video services, such as Zoom, Skype, Netflix, Prime Video, Disney+ and YouTube
- Digital media streaming devices such as Apple TV, Roku and Google Chromecast
- Other Canadian ILECs and cable TV operators
- Substitution to wireless services, including those offered by Bell
- Customized managed outsourcing solutions competitors, such as systems integrators CGI and IBM
- Wholesale competitors include cable operators, domestic competitive local exchange carrier (CLEC)s, U.S. or other international carriers for certain services, and electrical utility-based telecommunications providers
- Competitors for home security range from local to national companies, such as Telus, Rogers, Chubb Fire & Security and Stanley Security. Competitors also include do-it-yourself security providers such as Lorex and home automation service providers such as Ring, Nest and Wyze.

## Industry trends

### Wireless products and services

Wireless growth continues to be driven by the ongoing increase in data usage and adoption, including: higher- value smartphones, unlimited data offerings, shared family data plans, and IoT devices. In addition, consumers continue to replace wireline access services with wireless access and related data services. These trends are expected to drive the growing demand for wireless data services for the foreseeable future, particularly as the industry continues to shift to 5G. Industry ARPU is expected to continue moderating, compared to periods prior to the COVID-19 pandemic, particularly now that the industry has lapped the meaningful recovery in roaming revenues, which had fallen during the peak of the COVID-19 pandemic. Furthermore, as a result of increased competitive intensity, the industry continues to see greater adoption of bring-your-own-device (BYOD) additions, resulting in increased switching activity.

While LTE and LTE-A technologies increase download speeds, encourage data usage and enhance the customer experience, growth in data traffic poses challenges to mobile access technology. To better manage this data traffic, Canadian providers continue to evolve their networks and deploy spectrum to support the shift to 5G. ISED held its auction of spectrum in the 3800 MHz band in the fourth quarter of 2023 and announced an auction for millimetre wave (mmWave) spectrum; these bands are important for the expansion of 5G networks.

IoT technologies connect communications-enabled devices via wireless technologies, allowing them to exchange key information and share processes. Advanced platforms and networks are already in place in industries such as transportation and logistics, utilities and fleet management, with deployment ongoing in other sectors, including smart cities, manufacturing, retail, food services, consumer utilities, and connected cars. These industries are adopting IoT solutions, combined with other applications, to digitally transform their operations and generate value from their connections. IoT presents a meaningful opportunity for growth in wireless connectivity, which can deliver services to customers more efficiently. IoT connectivity generally has a lower ARPU when sold as a stand-alone service, but supports both revenue and margin growth, since it often leads to the sale of IoT applications or our other service offerings, enhancing customer penetration. In 2023, we added 293,307 mobile connected devices, bringing our mobile connected device subscriber base to more than 2.7 million, up 11% from 2022.

### Wireline products and services

The wireline telecommunications market is expected to remain very competitive in 2024. Although the residential high-speed internet market is maturing, with a penetration rate of approximately 92% across Canada at the end of 2023, subscriber growth is expected to continue over the coming years. Technology substitution, including the growth of wireless and VoIP services, is expected to continue to replace higher-margin legacy voice revenues, while digital streaming services and other online content providers are expected to impact current linear TV services. Bell is an important provider of these substitution services and the decline in this legacy business is continuing as expected.

The popularity of viewing TV and on-demand content anywhere, particularly on handheld devices, is expected to continue to grow as customers adopt services that enable them to view content on multiple screens. Streaming media providers continue to enhance OTT and DTC streaming services in order to compete for a share of viewership in response to evolving viewing habits and consumer demand. TV providers are monitoring OTT developments and seeking to adapt their content and market strategies to compete with these non-traditional offerings. We view OTT as an opportunity to add further capabilities to our linear and on-demand assets, providing customers with flexible options to choose the content they want and encouraging greater customer usage of Bell's high-speed Internet and wireless networks. In 2023, our Crave streaming service expanded its DTC subscription offering with the launch of ad-supported plans, giving customers a range of options to access Crave's lineup of premium content. And we are expanding the reach of Crave in 2024 through our agreement with Amazon to make Crave available on Prime Video Channels in Canada.

The Canadian ILECs continue to make significant capital investments in broadband networks, with a focus on FTTP to maintain and enhance their ability to support advanced IP-based services and higher broadband speeds. Cable companies continue to evolve their cable networks with DOCSIS-related bandwidth enhancements and node splitting. Although the platform increases speed in the near term and is cost-efficient, it does not offer the advanced capabilities of FTTP over the longer term, such as fast symmetrical upload and download speeds. At the end of 2023, approximately 6.5 million locations in Bell's footprint had access to multi-gigabit symmetrical speeds of 3 Gbps.

In the business market, the convergence of IT and telecommunications, facilitated by the ubiquity of IP, continues to shape the competitive environment, with non-traditional providers increasingly blurring the lines of competition and business models. Cable companies continue to make investments to better compete in the highly contested small and medium-sized business space. Telecommunications companies like Bell are providing network-centric managed applications that leverage their significant FTTP investments, while IT service providers are bundling network connectivity with their proprietary software-as-a-service (SaaS) offerings. The development of IP-based platforms, which provide combined IP voice, data and video solutions, creates potential cost efficiencies that compensate, in part, for reduced margins resulting from the continuing shift from legacy to IP-based services. The evolution of IT has created significant opportunities for our business markets services, such as cloud, security and workflow automation solutions, that can have a greater business impact than traditional telecommunications services.

## Business outlook and assumptions

This section contains forward-looking statements, including relating to our projected financial performance for 2024 and our business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

### 2024 outlook

Our outlook for 2024 takes into consideration the financial impact of our strategic distribution partnership with Best Buy Canada that will result in a decrease in largely consumer electronics related revenue from Bell CTS results. The impact of this partnership on adjusted EBITDA will not be material given relatively low margins for consumer electronics.

We are targeting revenue growth driven by continued subscriber base expansion.

Wireless subscriber growth is expected to be supported by an ongoing 5G upgrade cycle, strong immigration levels and our continued focus on multi-product cross sales. We are focused on increasing our market share of national operators' postpaid mobile phone net additions in a disciplined and cost-conscious manner. We expect higher, but more moderate, growth in ARPU driven by increased 5G subscriptions and higher roaming revenue, partly offset by reduced data overage revenue resulting from the continued adoption of unlimited plans. We will also seek to achieve higher revenues from the flow-through of pricing changes, as well as IoT services and applications.

Continued expansion of our retail Internet and IPTV subscriber bases is expected to be supported by a broader FTTP service footprint together with higher household penetration, further penetration of WHI access technology in rural communities, further scaling of Bell's app-based live TV streaming services and the introduction of new products and features. We will continue to focus on winning the home by leveraging our symmetrical Internet speed advantage over cable, delivering the best customer experience with our products, and driving greater cross-sell penetration of higher value mobility and Internet households.

In our business markets, we expect an improving financial performance trajectory predicated on higher product sales and project spending by large enterprise customers combined with wireless subscriber growth. However, as large enterprise customers continue to look for opportunities to leverage low-cost technologies to grow and transform the workforce of the future and face increased uncertainty about future economic conditions, spending on telecommunications services and products is expected to be variable. In addition, ongoing customer migrations from traditional technologies to IP-based systems and demand for cheaper bandwidth alternatives will continue to impact business markets' results in 2024. We intend to seek to offset the revenue decline from traditional legacy telecommunications services by continuing to develop unique services and value enhancements to improve the client experience through services such as cloud, security and workforce automation solutions. Further, we intend to use marketing initiatives and other customer-specific strategies with the objective of slowing the pace of NAS erosion, while also investing in direct fibre expansion, 5G and new solutions in key portfolios such as Internet, private networks, voice and unified communications, cloud solutions, security solutions, cloud-based contact centre, IoT and MEC. We will also continue to focus on delivering network-centric managed and professional services solutions to large and medium-sized businesses that increase the value of connectivity services.

We expect the overall level of competitive intensity in our small and medium-sized business markets to remain high, as cable operators and other telecom competitors look to these customer segments as potential growth opportunities. We also intend to expand key sales channels and introduce service offerings that help drive innovative solutions and value for our small and medium-sized customers by leveraging Bell's network assets, broadband fibre footprint and service capabilities to expand our relationships with them.

We are maintaining a sharp focus on our operating cost structure to help offset pressures related to customer growth and retention, the ongoing erosion of high-margin wireline voice and other legacy revenues, and competitive repricing pressures in our residential, business and wholesale markets. This, combined with further operating efficiencies enabled by our direct fibre footprint, changes in consumer behaviour and product innovation, digital adoption, product and service enhancements, expanding self-serve capabilities, new call centre and digital investments, other improvements to the customer service experience, management workforce reductions including attrition and retirements, and lower contracted rates from our suppliers, is expected to deliver meaningful cost savings and productivity gains across the organization.

### Assumptions

- Increase our market share of national operators' wireless mobile phone net additions
- Increased competitive intensity and promotional activity across all regions and market segments
- Ongoing expansion and deployment of 5G and 5G+ wireless networks, offering competitive coverage and quality
- Continued diversification of our distribution strategy with a focus on expanding DTC and online transactions
- Moderating growth in mobile phone blended ARPU, driven by growth in 5G subscriptions, and increased roaming revenue from the easing of travel restrictions implemented as a result of the COVID-19 pandemic, partly offset by reduced data overage revenue due, among others, to the continued adoption of unlimited plans
- Accelerating business customer adoption of advanced 5G, 5G+ and IoT solutions
- Improving wireless handset device availability in addition to stable device pricing and margins
- Further deployment of direct fibre to more homes and businesses within our wireline footprint, but at a slower pace than during any of 2020 to 2023
- Continued growth in retail Internet and IPTV subscribers
- Increasing wireless and Internet-based technological substitution
- Continued focus on the consumer household and bundled service offers for mobility and Internet customers
- Continued large business customer migration to IP-based systems
- Ongoing competitive repricing pressures in our business and wholesale markets
- Continued competitive intensity in our small and medium-sized business markets as cable operators and other telecommunications competitors continue to intensify their focus on business customers
- Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services
- Increasing customer adoption of OTT services resulting in downsizing of TV packages
- Growing consumption of OTT TV services and on-demand video streaming, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require ongoing capital investment
- Realization of cost savings related to operating efficiencies enabled by our direct fibre footprint, changes in consumer behaviour and product innovation, digital adoption, product and service enhancements, expanding self-serve capabilities, new call centre and digital investments, other improvements to the customer service experience, management workforce reductions including attrition and retirements, and lower contracted rates from our suppliers
- No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our communication and technology services business

## Key growth drivers

- Strong immigration levels
- A greater number of customers on our 5G and 5G+ networks
- Cross-sell to customers who do not have all their telecommunication services with Bell
- Further expansion of FTTP footprint, but at a slower pace than during any of 2020 to 2023
- Increasing FTTP and WTTP customer penetration
- Continued growth in retail Internet and IPTV subscribers
- Expansion of our business customer relationships to drive higher revenue per customer
- Ongoing service innovation and product value enhancements

## Principal business risks

This section discusses certain principal business risks specifically related to the Bell CTS segment. For a detailed description of the other principal risks that could have a material adverse effect on our business, refer to section 9, *Business risks*.

### Regulatory environment

#### Risk

- Increased regulation of wireless services, pricing and infrastructure, such as additional mandated access to wireless networks, establishing rates for mandated wireless services that are materially different from the rates we propose, and limitations placed on future spectrum bidding
- The CRTC has mandated the establishment of an aggregated wholesale high-speed access service available on FTTP facilities in Ontario and Québec on an interim basis, and at rates that are materially lower from the rates we proposed, and which do not sufficiently account for the investment required in these facilities. The CRTC may maintain, reverse or otherwise modify this new obligation when it concludes its ongoing wholesale high-speed access review. This new service materially improves the business position of our competitors. On February 9, 2024, the Federal Court of Appeal granted Bell Canada leave to appeal the CRTC decision but declined to grant the requested stay of the decision pending resolution of its appeal. Bell Canada has also filed an appeal to the Governor-in-Council.
- The courts could overturn the new wholesale rates the CRTC set for aggregated high-speed access service in 2021, which were much higher than the rates it had proposed in 2019

#### Potential impact

- Increased regulation could influence network investment and the market structure, limit our flexibility, improve the business position of our competitors, limit network-based differentiation of our services, and negatively impact the financial performance of our Bell CTS segment
- In respect of the potential for new aggregated wholesale high-speed access service available on FTTP facilities: (i) the mandating of final rates that are materially different from the rates we proposed; (ii) the risk that the wholesale FTTP obligation will only be imposed on Bell Canada and not other providers or only in Ontario and Québec while not available to Bell Canada in Western Canada, putting Bell Canada at a competitive disadvantage where it could not access wholesale FTTP out of its traditional territory, but its major competitors could access Bell Canada's FTTP facilities; and (iii) in the case of our existing wholesale high-speed access service, the implementation of the rates for aggregated or disaggregated wholesale high-speed access services, could change our investment strategy, especially in relation to investment in next-generation wireline networks in smaller communities and rural areas, improve the business position of our competitors, further accelerate penetration and disintermediation by OTT players, and negatively impact the financial performance of our business.

### Aggressive competition

#### Risk

- The intensity of competitive activity from national wireless operators, smaller or regional facilities-based wireless service providers, non-traditional players and resellers
- The intensity of competitive activity coupled with the proliferation of installment and/or buy and pay later plans, and new wireline product launches for residential customers (e.g., IoT, smart home systems and devices, innovative TV platforms, etc.) and business customers (e.g., OTT VoIP, collaboration and SD WAN solutions) from national operators, non-traditional players and wholesalers, including the expanded offering of retail services based on wholesale access by large facilities-based competitors

#### Potential impact

- Pressure on our revenue, adjusted EBITDA, ARPU, cash flows and churn would likely result if wireless competitors continue to aggressively pursue new types of price plans, increase discounts, offer shared plans based on sophisticated pricing requirements (e.g., installments) or offer other incentives, such as cash-back for upgrade with old smartphone and multi-product bundles, in order to attract new customers
- An increase in the intensity level of competitive activity for wireline services could result in lost revenue, higher churn and increased acquisition and retention expenses, all of which would put pressure on Bell CTS's adjusted EBITDA

### Market environment, technological advancement and changing customer behaviour

#### Risk

- Slower subscriber growth due to high Canadian Internet and smartphone penetration, combined with potential pressures from the economic environment and reduced discretionary spending, and potential varying levels of immigration
- With technological advancement, the traditional TV viewing model (i.e., a subscription for bundled channels) is challenged by an increasing number of legal and illegal viewing options available in the market offered by traditional, non-traditional and global players, as well as increasing cord-cutting and cord-shaving trends
- The proliferation of network technologies impacts business customers' decision to migrate to OTT, VoIP and/or leverage SD WAN architecture
- Changing customer habits further contribute to the erosion of NAS lines

#### Potential impact

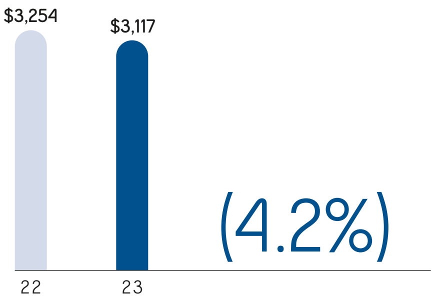
- A maturing wireline and wireless market could challenge subscriber growth and the cost of subscriber acquisition and retention, putting pressure on the financial performance of our business
- Our market penetration and number of TV subscribers could decline as a result of innovative offerings by BDUs and an increasing number of domestic and non-domestic unregulated OTT providers, as well as a significant volume of content piracy
- The proliferation of IP-based products, including OTT content and OTT software offerings directly to consumers, may accelerate the disconnection of TV services or the reduction of TV spending, as well as the reduction in business IT investments by customers
- The ongoing loss of NAS lines challenges our traditional voice revenues and compels us to develop other service offerings

# 5.2 Bell Media

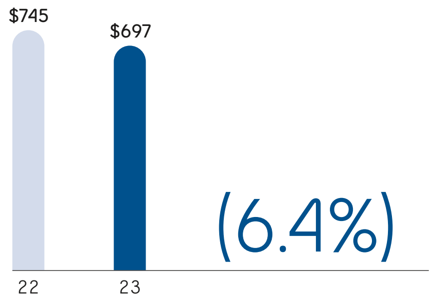
## Financial performance analysis

### 2023 performance highlights

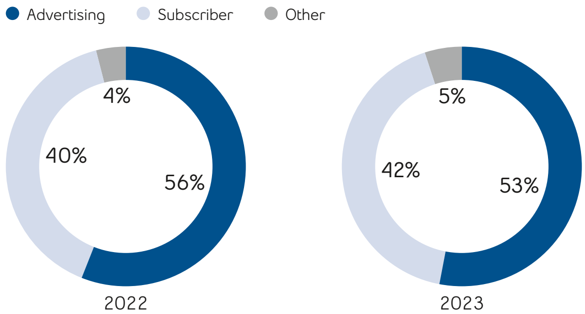
Bell Media
Revenues
(in $ millions)



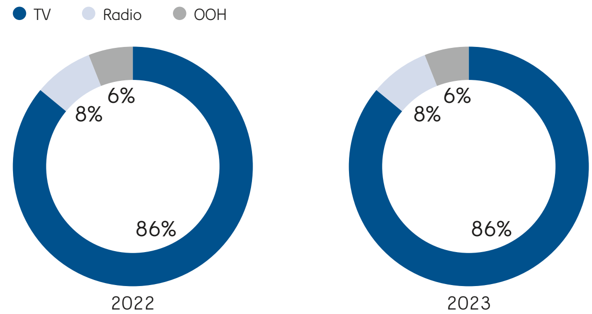

Bell Media
Adjusted EBITDA
(in $ millions)




Bell Media
Revenue mix
(product)




Bell Media
Revenue mix
(line of business)




## Bell Media results

### Revenues

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| External revenues | **2,776** | 2,904 | (128) | (4.4%) |
| Inter-segment revenues | **341** | 350 | (9) | (2.6%) |
| **Bell Media operating revenues** | **3,117** | 3,254 | (137) | (4.2%) |

**Bell Media operating revenues** decreased by 4.2% in 2023, compared to last year, due to lower advertising revenues, partly offset by higher subscriber revenues. Operating revenues reflected continued growth from digital revenues [(1)] of 19% in 2023, which moderated the overall year-over-year pressure in operating revenues.

- **Advertising revenues** declined by 8.6% in 2023, compared to last year, due to lower demand from advertisers as a result of the ongoing unfavourable economic conditions, which negatively impacted revenues across our TV and radio platforms. TV advertising revenues, in particular conventional TV revenues, were also unfavourably impacted by the Writers Guild of America (WGA) and the Screen Actors Guild and American Federation of Television and Radio Artists (SAG-AFTRA) strikes, along with the unfavourable year-over-year impact on specialty TV due to the benefit last year from the broadcast of the FIFA World Cup Qatar 2022. The decline in advertising revenues was moderated by growth in digital advertising revenues, mainly driven by increased bookings from Bell Media's SAM TV media sales tool.
- **Subscriber revenues** grew by 0.7% in 2023, compared to last year, due to the continued growth in Crave and sports streaming DTC subscribers, partly offset by the benefit last year from a retroactive adjustment related to a contract with a Canadian TV distributor.

(1) *Digital revenues are comprised of advertising revenue from digital platforms including web sites, mobile apps, connected TV apps and OOH digital assets/platforms, as well as advertising procured through Bell digital buying platforms and subscription revenue from DTC services and VOD services.*

## Operating costs and adjusted EBITDA

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Operating costs | **(2,420)** | (2,509) | 89 | 3.5% |
| **Adjusted EBITDA** | **697** | 745 | (48) | (6.4%) |
| **Adjusted EBITDA margin** | **22.4%** | 22.9% | | (0.5) pts |

**Bell Media operating costs** decreased by 3.5% in 2023, compared to last year, due to:

- Lower content and programming costs driven by content delays due to the WGA and SAG-AFTRA strikes, and higher 2022 costs related to the broadcast of the FIFA World Cup Qatar 2022, partly offset by continued contractual increases in content costs
- Cessation of the CRTC Part II broadcasting licence fee
- Reduced labour costs driven by restructuring initiatives undertaken as a result of the unfavourable economic and broadcasting regulatory environments

**Bell Media adjusted EBITDA** decreased by 6.4% in 2023, compared to last year, due to lower operating revenues, partly offset by reduced operating costs.

### Bell Media operating metrics

- CTV maintained its #1 ranking as the most-watched network in Canada for the 22nd year in a row among total viewers in primetime, with 10 of the top 20 programs nationally among total viewers
- Bell Media maintained its leadership position in the specialty and pay TV market with its English specialty and pay TV properties reaching 76% of all Canadian English specialty and pay TV viewers in the average week among key viewers aged 25 to 54 and with its French specialty and pay TV properties reaching 53% of Québec French specialty and pay TV viewers in an average week
- Noovo had 3 out of the top 10 most watched regular shows on French conventional TV among viewers aged 25 to 54
- Crave the most distributed Canadian-owned premium video streaming service
- Bell Media continued to rank first in unique visitors, total page views and total page minutes in digital media in 2023 among Canadian broadcast and video network competitors. Bell Media also ranked sixth among online properties in the country in terms of unique visitors and reach, with an average of 23.5 million unique visitors per month, reaching 72% of the digital audience in 2023.
- Bell Media remained Canada's top radio broadcaster in 2023, and it had the #1 and #2 musical radio station in the Montréal French-language market for Fall 2023 among listeners aged 25 to 54
- Astral continues to be a leading OOH solution provider across Canada, offering a range of six product lines: outdoor advertising, street furniture, airport, digital large format, transit and indoor place-based. Our products have the potential to reach over 13 million Canadians weekly in 40 markets, and we offer exclusive advertising presence including 6 of the top 15 airports and 2 of the top transit commissions in Canada.

# Competitive landscape and industry trends

This section contains forward-looking statements, including related to our business outlook. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## Competitive landscape

Competition for content in the Canadian media industry continues to be increasingly controlled by a small number of global competitors with significant scale and financial resources. Technology has allowed new entrants to become media players in their own right. Some players have become more vertically integrated across both traditional and emerging platforms to better enable the acquisition and monetization of premium content. Global aggregators have also emerged and are competing for both content and viewers.

Bell Media competes in the TV, radio, OOH advertising and digital media markets:

- **TV:** The TV market has become increasingly fragmented and this trend is expected to continue as new services and technologies increase the diversity of information and entertainment outlets available to consumers
- **Radio:** Competition within the radio broadcasting industry occurs primarily in discrete local market areas among individual stations
- **OOH:** The Canadian OOH advertising industry is fragmented, consisting of a few large companies as well as numerous smaller and local companies operating in a few local markets
- **Digital media:** Consumer demand for digital media, content on mobile devices, and on-demand content is increasing and media products have experienced significant digital uptake, requiring industry players to increase their efforts in digital content and capabilities in order to compete. In response to this trend, advertisers are shifting their spending to premium video and audio products on global digital platforms and social media that enable marketers to narrowly target specific audiences instead of the previous mass marketing approach. This results in lower use of traditional advertising methods and requires a shift in focus. Bell Media and other media companies have initiated programs to sell their advertising inventory on a more targeted basis through updated buying platforms with enhanced access to data and are now selling their inventory on programmatic buying platforms.

In 2023, the Canadian advertising market continued to experience a slowdown consistent with trends in the global advertising market. Improvement is expected in the medium term, although visibility as to the specific timing and pace of recovery remains limited.

## Competitors

### TV

- Conventional Canadian TV stations (local and distant signals) and specialty and pay channels, such as those owned by Corus Entertainment Inc. (Corus), Rogers, Québecor and Canadian Broadcasting Corporation (CBC)/Société Radio-Canada
- U.S. conventional TV stations and specialty channels
- OTT streaming providers such as Netflix, Prime Video, Disney+, Apple TV+, Paramount +, discovery+ and DAZN
- Video-sharing websites such as YouTube, TikTok and Instagram

### Radio

- Large radio operators, such as Rogers, Corus, Cogeco and Stingray Group Inc. that also own and operate radio station clusters in various local markets
- Radio stations in specific local markets
- Satellite radio provider SiriusXM
- Music streaming services such as Spotify and Apple Music
- Music downloading services such as Apple's iTunes Store
- Other media such as newspapers, local weeklies, TV, magazines, outdoor advertising and the Internet

### OOH advertising

- Large outdoor and indoor advertisers, such as Pattison Outdoor Advertising, Allvision, Vendo, OUTFRONT Media [(1)], Québecor, Branded City, REC Media, UB Media and Rouge Media (a division of Rogers Sports & Media)
- Numerous smaller and local companies operating a limited number of faces in a few local markets
- Other media such as TV, radio, print media and the Internet

## Industry trends

Consumers continue to have access to an array of online entertainment and information alternatives, with new options being added yearly. The increase in alternative entertainment options has led to a fragmentation in consumption habits. Traditional linear TV still delivers higher viewership compared to other forms of video consumption, although the gap is closing with more people consuming content from an assortment of services and in a variety of formats. In particular, today's viewers are consuming more content online, watching less scheduled programming live, time-shifting original broadcasts through PVRs, viewing more video on mobile devices, and catching up on an expanded library of past programming on-demand. While households use pure OTT services, such as Crave, Netflix, Prime Video, Disney+ and Apple TV+, to complement linear TV consumption, an increasing number are using these services as alternatives to a traditional linear package. With the increase of options in the alternative market, content is more widespread than ever before across providers, resulting in a more competitive landscape. This has resulted in price increases and consumers' need to subscribe to more than one service. The industry has responded with bundling options, lower price ad tiers, and an increase in free, ad-supported streaming television (FAST) channels, such as The Roku Channel, Tubi and Pluto TV.

Premium video content remains vitally important to media companies in attracting and retaining viewers and advertisers. This content, including live sports and special events, should continue to draw audiences and advertisers moving forward. Heightened competition for these rights from global competitors, including Netflix, Prime Video, Disney+, DAZN and Apple TV+, has already resulted in higher program rights costs and may also make it more difficult to secure content.

Consumer behaviour is continually changing and media companies are adjusting by evolving and personalizing their content and product offerings. Media companies have launched their own solutions with the objective of better competing with non-traditional offerings through DTC products such as Bell Media's bilingual Crave service, TSN and RDS, all of which offer streaming on a variety of platforms. While the SVOD model continues to dominate the streaming landscape, AVOD and FAST services are seeing tremendous growth due to the appeal to price-conscious consumers.

In addition, there has been a shift in how advertisers want to buy advertising across all media platforms. The growth of digital consumption has also given advertisers the opportunity to buy more targeted inventory and to buy inventory via self-serve and programmatically. As a result, Bell Media and other media companies have initiated programs to sell their advertising inventory on a more targeted basis through updated buying platforms with enhanced access to data and are now selling their inventory on programmatic buying platforms.

# Business outlook and assumptions

This section contains forward-looking statements, including relating to our projected financial performance for 2024 and our business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

## 2024 outlook

We are targeting positive media revenue growth in 2024. While the advertising market continues to be adversely affected by economic uncertainty, we expect a recovery in 2024, although visibility as to the specific timing and pace of recovery remains limited. Subscriber revenue is expected to reflect the non-recurrence of revenue adjustments in 2023, but moderated by BDU rate increases and continued scaling of DTC products, such as Crave, including expanded distribution and price increases. The effects of shifting media consumption towards competing OTT and digital platforms, as well as further TV cord-shaving and cord-cutting, are also expected to continue to negatively impact subscriber volumes.

We remain focused on advancing our digital-first media strategy, including growing digital revenues and DTC subscribers, and increasing usage of our ad buying optimization platforms. We also intend to continue controlling costs by achieving productivity gains and pursuing operational efficiencies across all of our media properties, while continuing to invest in premium content across all screens and platforms.

(1) *On October 23, 2023, Bell Media announced it plans to acquire the Canadian out-of-home media business of OUTFRONT Media Inc. The transaction is valued at $410 million, subject to certain adjustments, and is expected to close in the first half of 2024, subject to regulatory approval and other closing conditions.*

Across our media properties, particularly in TV, we intend to leverage our market position combined with enhanced audience targeting to offer advertisers, both nationally and locally, premium opportunities to reach their target audiences. Success in this area requires that we focus on successfully acquiring highly rated programming and differentiated content; building and maintaining strategic supply arrangements for content across all screens and platforms; and producing and commissioning high-quality Canadian content, including market-leading news. We will also continue scaling our SAM TV and Bell DSP ad buying optimization platforms, which give customers the ability to plan, activate and measure marketing campaigns using Bell's premium first-party data and expanding personalization of ad content to TV and digital radio.

Our sports offerings are expected to continue to deliver popular content and viewing experiences to our TV and DTC audiences. These offerings, combined with the integration of our digital platforms, are integral parts of our strategy to enhance viewership and engagement. We will also continue to focus on creating innovative high-quality productions in the areas of sports news and editorial coverage.

In non-sports specialty TV, audiences and advertising revenues are expected to be driven by investment in quality programming and production.

Through Crave, our bilingual premium video streaming service, we will continue to leverage our investments in premium content (including HBO, Max, STARZ and original French-language programming) in order to attract pay TV and DTC subscribers. We intend to continue expanding platform distribution and delivering user experience improvements.

We will continue to support original French programming with a focus on digital platforms such as Crave, Noovo.ca and iHeartRadio, to better serve our French-language customers through a personalized digital experience.

In radio, we intend to offer advertisers, both nationally and locally, attractive opportunities to reach their target audiences. Additionally, in conjunction with our TV properties, we will continue to pursue opportunities that leverage our promotional capabilities, provide an expanded platform for content sharing, and offer other synergistic efficiencies.

In our OOH operations, we plan to provide advertisers with attractive opportunities in key Canadian markets. We will also continue to seek new opportunities to support the growing demand in digital, including converting certain outdoor structures to digital and adding new boards. Our proposed acquisition of the Canadian out-of-home media business of OUTFRONT Media Inc., which is expected to close in the first half of 2024, subject to regulatory approval and other closing conditions, is expected to support our digital media strategy and to deliver impactful, multi-channel marketing solutions coast-to-coast.

## Assumptions

- Overall digital revenue expected to reflect continued scaling of our SAM TV and DSP buying platforms, expansion of Addressable TV (ATV), as well as DTC subscriber growth, contributing towards the advancement of our digital-first media strategy
- Leveraging of first-party data to improve targeting, advertisement delivery including personalized viewing experience and attribution
- Continued escalation of media content costs to secure quality programming
- Continued scaling of Crave through optimized content offering, user experience improvements and expanded distribution
- Continued support in original French programming with a focus on digital platforms such as Crave, Noovo.ca and iHeartRadio, to better serve our French-language customers through a personalized digital experience
- Ability to successfully acquire and produce highly-rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content across all screens and platforms
- No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our media business

## Key growth drivers

- Building out digital experiences and expanding distribution in order to support audience growth and increase advertising inventory
- Monetization of Bell data through continued scaling of SAM TV and Bell DSP buying platforms as well as expansion of Addressable TV and Addressable Audio
- Ongoing growth in BDU rates
- Delivery of compelling content to maintain strength in audience performance

## Principal business risks

This section discusses certain principal business risks specifically related to the Bell Media segment. For a detailed description of the other principal risks that could have a material adverse effect on our business, refer to section 9, *Business risks*.

### Advertising and subscription revenue uncertainty

**Risk**

- Advertising is heavily dependent on economic conditions and viewership, and traditional media is under increasing pressure for advertising spend against dominant non-traditional/global digital services
- The advertising market could be further impacted by cancelled or delayed advertising campaigns from many sectors due to the economic environment
- Bell Media has contracts with a variety of BDUs, under which monthly subscription fees for specialty and pay TV services are earned, that expire on a specific date

**Potential impact**

- Economic uncertainty could continue to impact advertisers' spending. Our failure to increase or maintain viewership or capture our share of the changing and fragmented advertising market, including digital revenues, could result in the loss of advertising revenue.
- If we are not successful in obtaining favourable agreements with BDUs, it could result in the loss of subscription revenue

### Aggressive competition

**Risk**

- The intensity of competitive activity from new technologies and alternative distribution platforms such as unregulated OTT content offerings, VOD, personal video platforms, DTC distribution and pirated content, in addition to traditional TV services, in combination with the development of more aggressive product and sales strategies by non-traditional global players with a much larger scale

**Potential impact**

- Increased competitive activity in combination with the development of more aggressive product and sales strategies could have an adverse impact on the level of subscriptions and/or viewership for Bell Media's TV services and on Bell Media's revenue streams

### Rising content costs and ability to secure key content

**Risk**

- Rising content costs, as an increasing number of domestic and global competitors seek to acquire the same content or to restrict content within their own ecosystems, and the ability to acquire or develop key differentiated content to drive revenues and subscriber growth

**Potential impact**

- Rising programming costs could require us to incur unplanned expenses, which could result in negative pressure on adjusted EBITDA
- Our inability to acquire or develop popular programming content could adversely affect Bell Media's viewership and subscription levels and, consequently, advertising and subscription revenues

# 6 Financial and capital management

Our financial resources

**This section tells you how we manage our cash and capital resources to carry out our strategy and deliver financial results. It provides an analysis of our financial condition, cash flows and liquidity on a consolidated basis.**

## 6.1 Net debt

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Long-term debt | **31,135** | 27,783 | 3,352 | 12.1% |
| Debt due within one year | **5,042** | 4,137 | 905 | 21.9% |
| 50% of preferred shares [(1)] | **1,834** | 1,935 | (101) | (5.2%) |
| Cash | **(547)** | (99) | (448) | n.m. |
| Cash equivalents | **(225)** | (50) | (175) | n.m. |
| Short-term investments | **(1,000)** | – | (1,000) | n.m. |
| Net debt | **36,239** | 33,706 | 2,533 | 7.5% |

*n.m.: not meaningful*

(1) *50% of outstanding preferred shares of $3,667 million and $3,870 million at December 31, 2023 and December 31, 2022, respectively, are classified as debt consistent with the treatment by some credit rating agencies.*

The increase of $905 million in debt due within one year and $3,352 million in long-term debt were due to:

- the issuance by Bell Canada of Series M-57, Series M-58, Series M-59, Series M-60, Series M-61 and Series M-62 MTN debentures, with total principal amounts of $300 million, $1,050 million, $450 million, $600 million, $400 million and $700 million in Canadian dollars, respectively
- the issuance by Bell Canada of Series US-8 Notes, with a total principal amount of $850 million in U.S. dollars ($1,138 million in Canadian dollars)
- outstanding loans of $491 million under the Bell Mobility uncommitted trade loan agreement
- a net increase of $374 million due to higher lease liabilities and other debt

Partly offset by:

- a decrease in notes payable (net of issuances) of $646 million
- the repayment at maturity of Series M-29 MTN debentures, with a total principal amount of $600 million

The increase in cash of $448 million, the increase in cash equivalents of $175 million and the increase in short-term investments of $1,000 million were mainly due to:

- $7,946 million of cash flows from operating activities
- $5,195 million of issuance of long-term debt
- $209 million from business dispositions

Partly offset by:

- $4,581 million of capital expenditures
- $3,486 million of dividends paid on BCE common shares
- $1,858 million of repayment of long-term debt
- $646 million decrease in notes payable (net of issuances)
- $223 million paid for the purchase on the open market of BCE common shares for the settlement of share-based payments
- $222 million for business acquisitions
- $183 million for the purchase of spectrum licences
- $182 million of dividends paid on BCE preferred shares
- $149 million repurchase of a financial liability
- $140 million paid for the repurchase of BCE preferred shares

## 6.2 Outstanding share data

| Common shares outstanding | Number of shares |
|---|---|
| Outstanding, January 1, 2023 | **911,982,866** |
| Shares issued under deferred share plan | **843** |
| Shares issued under employee stock option plan | **306,139** |
| Unclaimed shares [1] | **(15,303)** |
| Outstanding, December 31, 2023 | **912,274,545** |

(1) *Represents unclaimed shares following the expiry of former Manitoba Telecom Services Inc. (MTS) shareholders' right to receive BCE common shares in connection with the acquisition of MTS.*

| Stock options outstanding | Number of options | Weighted average exercise price ($) |
|---|---|---|
| Outstanding, January 1, 2023 | **7,802,108** | **61** |
| Exercised [1] | **(306,139)** | **60** |
| Forfeited or expired | **(11,408)** | **63** |
| Outstanding, December 31, 2023 | **7,484,561** | **61** |
| Exercisable, December 31, 2023 | **7,484,561** | **61** |

(1) *The weighted average market share price for options exercised in 2023 was $63.*

At March 7, 2024, 912,275,388 common shares and 6,599,815 stock options were outstanding.

## 6.3 Cash flows

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| **Cash flows from operating activities** | **7,946** | 8,365 | (419) | (5.0%) |
| Capital expenditures | **(4,581)** | (5,133) | 552 | 10.8% |
| Cash dividends paid on preferred shares | **(182)** | (136) | (46) | (33.8%) |
| Cash dividends paid by subsidiaries to non-controlling interest | **(47)** | (39) | (8) | (20.5%) |
| Acquisition and other costs paid | **8** | 10 | (2) | (20.0%) |
| **Free cash flow** | **3,144** | 3,067 | 77 | 2.5% |
| Business acquisitions | **(222)** | (429) | 207 | 48.3% |
| Business dispositions | **209** | 52 | 157 | n.m. |
| Acquisition and other costs paid | **(8)** | (10) | 2 | 20.0% |
| Short-term investments | **(1,000)** | – | (1,000) | n.m. |
| Spectrum licences | **(183)** | (3) | (180) | n.m. |
| Other investing activities | **(4)** | (4) | – | – |
| (Decrease) increase in notes payable | **(646)** | 111 | (757) | n.m. |
| Increase in securitized receivables | **–** | 700 | (700) | (100.0%) |
| Issue of long-term debt | **5,195** | 1,951 | 3,244 | n.m. |
| Repayment of long-term debt | **(1,858)** | (2,023) | 165 | 8.2% |
| Repurchase of a financial liability | **(149)** | – | (149) | n.m. |
| Issue of common shares | **18** | 171 | (153) | (89.5%) |
| Purchase of shares for settlement of share-based payments | **(223)** | (255) | 32 | 12.5% |
| Repurchase of preferred shares | **(140)** | (125) | (15) | (12.0%) |
| Cash dividends paid on common shares | **(3,486)** | (3,312) | (174) | (5.3%) |
| Other financing activities | **(24)** | (31) | 7 | 22.6% |
| **Net increase (decrease) in cash** | **448** | (190) | 638 | n.m. |
| **Net increase in cash equivalents** | **175** | 50 | 125 | n.m. |

*n.m.: not meaningful*

## Cash flows from operating activities and free cash flow

In 2023, BCE's cash flows from operating activities decreased by $419 million, compared to 2022, mainly due to lower cash from working capital, in part from timing of supplier payments, and higher interest paid, partly offset by higher adjusted EBITDA and lower contributions to post-employment benefit plans.

Free cash flow increased by $77 million in 2023, compared to 2022, mainly due to lower capital expenditures, partly offset by lower cash flows from operating activities, excluding cash from acquisition and other costs paid.

## Capital expenditures

| | 2023 | 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **4,421** | 4,971 | 550 | 11.1% |
| *Capital intensity* | ***20.2%*** | *23.3%* | | *3.1 pts* |
| Bell Media | **160** | 162 | 2 | 1.2% |
| *Capital intensity* | ***5.1%*** | *5.0%* | | *(0.1) pts* |
| BCE | **4,581** | 5,133 | 552 | 10.8% |
| *Capital intensity* | ***18.6%*** | *21.2%* | | *2.6 pts* |

**BCE capital expenditures** of $4,581 million in 2023, declined 10.8% or $552 million, compared to 2022, with a corresponding capital intensity ratio of 18.6%, down 2.6 pts over last year. The decline was driven by lower capital expenditures in our Bell CTS segment of $550 million as a result of lower planned capital spending in 2023 subsequent to accelerated network investments in 2022, as well as an unplanned additional $105 million decrease in Q4 2023 as a result of the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network. We continued to focus our investments in 2023 on the further expansion of our FTTP and mobile 5G networks.

## Business acquisitions

On June 1, 2023, Bell acquired FX Innovation, a Montréal-based provider of cloud-focused managed and professional services and workflow automation solutions for business clients, for cash consideration of $157 million ($156 million net of cash acquired), of which $12 million is payable within two years, and an estimated $6 million of additional cash consideration contingent on the achievement of certain performance objectives. This contingent consideration is expected to be settled by 2027 and the maximum amount payable is $7 million. Contingent consideration is estimated to be nil at December 31, 2023.

On December 1, 2022, Bell acquired Distributel, a national independent communications provider offering a wide range of consumer, business and wholesale communications services, for cash consideration of $303 million ($282 million net of cash acquired) and $39 million of estimated additional cash consideration contingent on the achievement of certain performance objectives. This contingent consideration was expected to be settled by 2026 and the maximum contingent consideration payable was $65 million. Contingent consideration is estimated to be $49 million at December 31, 2023 of which $19 million was paid in 2023. The remaining $30 million is expected to be paid in 2024.

In February 2022, Bell acquired EBOX and other related companies, which provide Internet, telephone and TV services to consumers and businesses in Québec and parts of Ontario, for cash consideration of $153 million ($139 million net of cash acquired).

## Business dispositions

On May 3, 2023, we completed the sale of our 63% ownership in certain production studios, which were included in our Bell Media segment for net cash proceeds of $211 million.

On March 1, 2022, we completed the sale of our wholly-owned subsidiary, Createch for cash proceeds of $54 million.

## Spectrum licences

On May 19, 2023, after approval from ISED, Bell Mobility obtained the right to use, through subordination, certain of Xplore Inc.'s 3500 megahertz spectrum licences in Québec, for $145 million.

## Debt instruments

*We use a combination of short-term and long-term debt to finance our operations. Our short-term debt consists mostly of notes payable under commercial paper programs, loans securitized by receivables and wireless device financing plan receivables, and bank facilities. We usually pay fixed rates of interest on our long-term debt and floating rates on our short-term debt. As at December 31, 2023, all of our debt was denominated in Canadian dollars with the exception of our commercial paper, Bell Mobility trade loans and Series US-1, US-2, US-3, US-4, US-5, US-6, US-7 and US-8 Notes, which are denominated in U.S. dollars and have been hedged for foreign currency fluctuations with cross currency interest rate swaps.*

### 2023

During 2023, we issued debt, net of repayments. This included:

- $5,195 million issuance of long-term debt comprised of the issuance of Series M-57, Series M-58, Series M-59, Series M-60, Series M-61 and Series M-62 MTN debentures, with total principal amounts of $300 million, $1,050 million, $450 million, $600 million, $400 million and $700 million in Canadian dollars, respectively, the issuance of Series US-8 Notes, with a total principal amount of $850 million in U.S. dollars ($1,138 million in Canadian dollars), the increase of $491 million in outstanding loans under the Bell Mobility uncommitted trade loan agreement and the issuance of other debt of $75 million, partly offset by $8 million of discounts on our debt issuances

Partly offset by:

- $1,258 million repayment of long-term debt comprised of net payments of leases and other debt
- $646 million repayment (net of issuances) of notes payable
- $600 million repayment of Series M-29 MTN debentures

### 2022

During 2022, we issued debt, net of repayments. This included:

- $1,951 million issuance of long-term debt comprised of the issuance of Series M-57 MTN debentures with a total principal amount of $1 billion in Canadian dollars and the issuance of Series US-7 Notes, with a total principal amount of $750 million in U.S. dollars ($954 million in Canadian dollars), partly offset by $3 million mainly related to discounts on our debt issuances
- $700 million increase in securitized receivables
- $111 million issuance (net of repayments) of notes payable

Partly offset by:

- $2,023 million repayment of long-term debt comprised of the early redemption of Series M-26 MTN debentures with a total principal amount of $1 billion in Canadian dollars, and net payments of leases and other debt of $1,023 million

## Consolidation of MLSE ownership under BCE (repurchase of a financial liability)

In January 2023, BCE repurchased the 9% interest held by the BCE Master Trust Fund (Master Trust Fund), a trust fund that holds pension fund investments serving the pension obligations of the BCE group pension plan participants, in MLSE for a cash consideration of $149 million, as a result of BCE's obligation to repurchase the Master Trust Fund's interest in MLSE at that price.

## Issuance of common shares

The issuance of common shares in 2023 decreased by $153 million, compared to 2022, mainly due to a lower number of exercised stock options.

## Repurchase of preferred shares

In 2023, BCE repurchased and canceled 8,124,533 First Preferred Shares under its normal course issuer bid (NCIB) for a total cost of $140 million.

Subsequent to year end, BCE repurchased and canceled 1,412,388 First Preferred Shares for a total cost of $25 million.

In 2022, BCE repurchased and canceled 584,300 First Preferred Shares for a total cost of $10 million.

In Q1 2022, BCE redeemed its 4,600,000 issued and outstanding Cumulative Redeemable First Preferred Shares, Series AO for a total cost of $115 million.

## Cash dividends paid on common shares

In 2023, cash dividends paid on common shares of $3,486 million increased by $174 million, compared to 2022, due to a higher dividend paid in 2023 of $3.8225 per common share, compared to $3.6350 per common share in 2022.

# 6.4 Post-employment benefit plans

For the year ended December 31, 2023, we recorded a decrease in our post-employment benefit plans and a loss, before taxes, in OCI of $553 million. This was due to a lower actual discount rate of 4.6% at December 31, 2023, compared to 5.3% at December 31, 2022, partly offset by a gain on plan assets, experience gains and a decrease in the effect of the asset limit.

For the year ended December 31, 2022, we recorded an increase in our post-employment benefit plans and a gain, before taxes, in OCI of $566 million. This was due to a higher actual discount rate of 5.3% at December 31, 2022, compared to 3.2% at December 31, 2021, partly offset by a loss on plan assets, experience losses and an increase in the effect of the asset limit.

# 6.5 Financial risk management

Management's objectives are to protect BCE and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks, including credit risk, liquidity risk, foreign currency risk, interest rate risk , equity price risk and longevity risk. These risks are further described in Note 2, *Material accounting policies*, Note 9, *Other expense*, Note 27, *Post-employment benefit plans* and Note 29, *Financial and capital management* in BCE's 2023 consolidated financial statements.

The following table outlines our financial risks, how we manage these risks and their financial statement classification.

| Financial risk | Description of risk | Management of risk and financial statement classification |
|---|---|---|
| **Credit risk** | We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position. We are exposed to credit risk if counterparties to our receivables, including wireless device financing plan receivables, and derivative instruments are unable to meet their obligations. | • Large and diverse customer base<br>• Deal with institutions with investment-grade credit ratings<br>• Regularly monitor our credit risk and credit exposure, and consider, among other factors, the effects of changes in interest rates and inflation<br>• Our trade receivables and allowance for doubtful accounts balances at December 31, 2023, which both include the current portion of wireless device financing plan receivables, were $3,959 million and $118 million, respectively<br>• Our non-current wireless device financing plan receivables and allowance for doubtful accounts balances at December 31, 2023 were $401 million and $15 million, respectively<br>• Our contract assets balance at December 31, 2023 was $735 million, net of an allowance for doubtful accounts balance of $18 million |
| **Liquidity risk** | We are exposed to liquidity risk for financial liabilities. | • Our cash, cash equivalents, short-term investments, amounts available under our securitized receivables program, cash flows from operations and possible capital markets financing are expected to be sufficient to fund our operations and fulfill our obligations as they become due. Should our cash requirements exceed the above sources of cash, we would expect to cover such a shortfall by drawing on existing committed bank facilities and new ones, to the extent available<br>• Refer to section 6.7, *Liquidity – Contractual obligations*, for a maturity analysis of our recognized financial liabilities |
| **Foreign currency risk** | We are exposed to foreign currency risk related to anticipated purchases and certain foreign currency debt.<br>A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain of $28 million (loss of $100 million) recognized in net earnings at December 31, 2023 and a gain of $124 million (loss of $123 million) recognized in *Other comprehensive (loss) income* at December 31, 2023, with all other variables held constant.<br>A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the Philippine peso would result in a gain (loss) of $5 million recognized in *Other comprehensive (loss) income* at December 31, 2023, with all other variables held constant.<br>Refer to the following *Fair value* section for details on our derivative financial instruments. | • At December 31, 2023, we had outstanding foreign currency forward contracts and options maturing from 2024 to 2025 of $4.6 billion in U.S. dollars ($5.9 billion in Canadian dollars) and ₱2.9 billion in Philippine pesos ($69 million in Canadian dollars), to manage foreign currency risk related to anticipated purchases and certain foreign currency debt<br>  • For cash flow hedges relating to anticipated purchases denominated in foreign currencies, changes in the fair value are recognized in our statements of comprehensive income, except for any ineffective portion of the hedging relationship, which is recognized in *Other expense* in the income statements. Realized gains and losses in *Accumulated OCI* are reclassified to the income statements or to the initial cost of the related non-financial asset in the same periods as the corresponding hedged transactions are recognized.<br>  • For cash flow hedges relating to our U.S. dollar debt under our commercial paper program, securitization of receivables program and committed credit facilities, changes in the fair value are recognized in *Other expense* in the income statements and offset the foreign currency translation adjustment on the related debt, except for any portion of the hedging relationship which is ineffective<br>  • For economic hedges, changes in the fair value are recognized in *Other expense* in the income statements<br>• At December 31, 2023, we had outstanding cross currency interest rate swaps with notional amounts of $5,100 million in U.S. dollars ($6,603 million in Canadian dollars) to hedge the U.S. currency exposure of our U.S. Notes maturing from 2032 to 2052<br>  • For these cross currency interest rate swaps, changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for amounts recorded in *Other expense* in the income statements to offset the foreign currency translation adjustment on the related debt and any portion of the hedging relationship which is ineffective<br>• At December 31, 2023, we had outstanding cross currency interest rate swaps with a notional amount of $360 million in U.S. dollars ($491 million in Canadian dollars) to hedge the U.S. currency exposure of outstanding loans maturing in 2025 under our Bell Mobility trade loan agreement<br>  • For these cross currency interest rate swaps, changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for amounts recorded in *Other expense* in the income statements to offset the foreign currency translation adjustment on the related debt and any portion of the hedging relationship which is ineffective |

| Financial risk | Description of risk | Management of risk and financial statement classification |
|---|---|---|
| **Interest rate risk** | We are exposed to risk on the interest rates of our debt, our post-employment benefit plans and on dividend rate resets on our preferred shares.<br>A 1% increase (decrease) in interest rates would result in a loss (gain) of $26 million recognized in net earnings at December 31, 2023, with all other variables held constant.<br>A 0.1% increase (decrease) in cross currency basis swap rates would result in a gain (loss) of $11 million recognized in net earnings at December 31, 2023, with all other variables held constant.<br>Refer to the following *Fair value* section for details on our derivative financial instruments. | • We use interest rate swaps, cross currency basis rate swaps, cross currency interest rate swaps, forward starting interest rate swaps, and amortizing interest rate swaps to hedge interest rate exposure on existing and/or future debt issuances. We also use leveraged interest rate options to hedge economically the dividend rate resets on preferred shares.<br>• At December 31, 2023, we had outstanding cross currency interest rate swaps with a notional amount of $600 million in U.S. dollars ($748 million in Canadian dollars) to hedge the interest exposure of our U.S. Notes maturing in 2024<br>  • For these cross currency interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding interest rate swaps with a notional amount of $625 million which will mature in 2027 and have been designated to hedge the fair value of our Series M-53 MTN debentures<br>  • For interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding forward starting interest rate swaps, effective 2024, with a notional amount of $700 million which will mature in 2029 and have been designated to hedge the fair value of our Series M-62 MTN debentures<br>  • For forward starting interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding interest rate swaps with a notional amount of $500 million to hedge the fair value of our series M-52 MTN debentures maturing in 2030<br>  • For interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding interest rate swaps with a notional amount of $500 million to hedge the fair value of our series M-57 MTN debentures maturing in 2032<br>  • For interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding forward starting interest rate swaps, effective from 2028 with a notional amount of $125 million to hedge the fair value of our series M-59 MTN debentures maturing in 2053<br>  • For forward starting interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had outstanding forward starting interest rate swaps, effective from 2028 with a notional amount of $400 million to hedge the fair value of our series M-61 MTN debentures maturing in 2053<br>  • For forward starting interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship<br>• At December 31, 2023, we had an outstanding amortizing interest rate swap with a notional amount of $197 million to hedge the interest rate exposure on other debt maturing in 2028<br>  • For amortizing interest rate swaps, changes in the fair value of these derivatives are recognized in our statements of comprehensive income<br>• At December 31, 2023, we had outstanding cross currency basis rate swaps maturing in 2024 with a notional amount of $644 million to hedge economically the basis rate exposure on future debt issuances<br>  • For these cross currency basis rate swaps, changes in the fair value of these derivatives are recognized in the income statements in *Other expense*<br>• At December 31, 2023, we had outstanding leveraged interest rate options with a fair value of nil to hedge economically the dividend rate resets on $582 million of our preferred shares which had varying reset dates in 2021 for the periods ending in 2026<br>  • For leveraged interest rate options, changes in the fair value of these derivatives are recognized in the income statements in *Other expense*<br>• For our post-employment benefit plans, the interest rate risk is managed using a liability matching approach, which reduces the exposure of the DB plans to a mismatch between investment growth and obligation growth |

| Financial risk | Description of risk | Management of risk and financial statement classification |
|---|---|---|
| **Equity price risk** | We are exposed to risk on our cash flow related to the settlement of equity settled share-based payment plans.<br>A 5% increase (decrease) in the market price of BCE's common shares would result in a gain (loss) of $29 million recognized in net earnings at December 31, 2023, with all other variables held constant.<br>Refer to the following *Fair value* section for details on our derivative financial instruments. | • At December 31, 2023, we had outstanding equity forward contracts with a fair value net liability of $162 million on BCE's common shares to economically hedge the cash flow exposure related to the settlement of equity settled share-based compensation plans<br>• Changes in the fair value of these derivatives are recorded in the income statements in *Other expense* |
| **Longevity risk** | We are exposed to life expectancy risk on our post-employment benefit plans. | • The Bell Canada Pension Plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately $3 billion of post-employment benefit obligations |

## Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that may be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values may not be the net amounts that would be realized if these instruments were settled.

The carrying values of our cash, cash equivalents, short-term investments, trade and other receivables, trade payables and other liabilities, interest payable, dividends payable, notes payable and loans secured by receivables approximate fair value as they are short-term. The carrying value of wireless device financing plan receivables approximates fair value given that their average remaining duration is short and the carrying value is reduced by an allowance for doubtful accounts and an allowance for revenue adjustments. The carrying value of the Bell Mobility trade loans approximates fair value given their average remaining duration is short and they bear interest at a variable rate.

The following table provides the fair value details of other financial instruments measured at amortized cost in the statements of financial position.

| | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| | Classification | Fair value methodology | Carrying value | Fair value | Carrying value | Fair value |
| Debt securities and other debt | Debt due within one year and long-term debt | Quoted market price of debt | **29,049** | **28,225** | 25,061 | 23,026 |

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

| | | | Fair value | | |
|---|---|---|---|---|---|
| | Classification | Carrying value of asset (liability) | Quoted prices in active markets for identical assets (level 1) | Observable market data (level 2)(1) | Non-observable market inputs (level 3)(2) |
| **December 31, 2023** | | | | | |
| Publicly-traded and privately-held investments(3) | Other non-current assets | **587** | **10** | **–** | **577** |
| Derivative financial instruments | Other current assets, trade payables and other liabilities, other non-current assets and liabilities | **(488)** | **–** | **(488)** | **–** |
| Other | Other non-current assets and liabilities | **147** | **–** | **216** | **(69)** |
| **December 31, 2022** | | | | | |
| Publicly-traded and privately-held investments(3) | Other non-current assets | 215 | 9 | – | 206 |
| Derivative financial instruments | Other current assets, trade payables and other liabilities, other non-current assets and liabilities | 72 | – | 72 | – |
| MLSE financial liability(4) | Trade payables and other liabilities | (149) | – | – | (149) |
| Other | Other non-current assets and liabilities | 108 | – | 184 | (76) |

(1) *Observable market data such as equity prices, interest rates, swap rate curves and foreign currency exchange rates.*

(2) *Non-observable market inputs such as discounted cash flows and revenue and earnings multiples. For certain privately-held investments, changes in our valuation assumption relating to revenue and earnings multiples may result in a significant increase (decrease) in the fair value of our level 3 financial instruments.*

(3) *Unrealized gains and losses are recorded in OCI in the statements of comprehensive income and are reclassified from* Accumulated OCI *to the deficit in the statements of financial position when realized.*

(4) *Represented BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price. In January 2023, BCE repurchased the interest in MLSE held by the Master Trust Fund for a cash consideration of $149 million.*

## 6.6 Credit ratings

*Credit ratings generally address the ability of a company to repay principal and pay interest on debt or dividends on issued and outstanding preferred shares.*

*Our ability to raise financing depends on our ability to access the public equity and debt capital markets, the money market, as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available partly depend on our assigned credit ratings at the time capital is raised. Investment grade credit ratings usually mean that when we borrow money, we can obtain lower interest rates than companies that have ratings lower than investment grade. A ratings downgrade could result in adverse consequences for our funding cost and capacity, and our ability to access the capital markets, the money market and/or bank credit market.*

The following table provides BCE's and Bell Canada's credit ratings, which are considered investment grade, as at March 7, 2024 from DBRS, Moody's and S&P.

### Key credit ratings

| | Bell Canada (1) | | |
|---|---|---|---|
| March 7, 2024 | DBRS | Moody's | S&P |
| Commercial paper | R-2 (high) | P-2 | A-1 (Low) (Canadian scale)<br>A-2 (Global scale) |
| Long-term debt | BBB (high) | Baa1 | BBB+ |
| Subordinated long-term debt | BBB (low) | Baa2 | BBB |
| | BCE (1) | | |
| | DBRS | Moody's | S&P |
| Preferred shares | Pfd-3 | – | P-2 (Low) (Canadian scale)<br>BBB- (Global scale) |

(1) *These credit ratings are not recommendations to buy, sell or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.*

As of March 7, 2024, BCE's and Bell Canada's credit ratings have stable outlooks from DBRS, Moody's and S&P.

## 6.7 Liquidity

This section contains forward-looking statements, including relating to our anticipated capital expenditures, our expected post-employment benefit plans funding, and the sources of liquidity we expect to use to meet our 2024 cash requirements. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

### Available liquidity

Total available liquidity at December 31, 2023 was $5.8 billion, comprised of $547 million in cash, $225 million in cash equivalents, $1,000 million in short-term investments, $700 million available under our securitized receivables program and $3.3 billion available under our $3.5 billion committed revolving and expansion credit facilities (given $197 million of commercial paper outstanding).

We expect that our cash, cash equivalents, short-term investments, amounts available under our securitized receivables program, cash flows from operations and possible capital markets financing will permit us to meet our cash requirements in 2024 for capital expenditures, post-employment benefit plans funding, dividend payments, the payment of contractual obligations, maturing debt, ongoing operations and other cash requirements.

Should our 2024 cash requirements exceed our cash, cash equivalents, short-term investments, cash generated from our operations, and funds raised under capital markets financings and our securitized receivables program, we would expect to cover such a shortfall by drawing under committed credit facilities that are currently in place or through new facilities to the extent available.

In 2024, our cash flows from operations, cash, cash equivalents, short-term investments, capital markets financings, securitized receivables program and credit facilities should give us flexibility in carrying out our plans for business growth, including business acquisitions, as well as for the payment of contingencies.

We continuously monitor our operations, capital markets and the Canadian economy with the objective of maintaining adequate liquidity.

#### Securitization program

In 2022, we entered into a new securitization program which replaced our previous securitized trade receivables program and now includes wireless device financing plan receivables. As a result, the maximum amount available under our securitization program increased from $1.3 billion at December 31, 2021 to $2.3 billion at December 31, 2022.

In 2023, we amended our securitization program to add sustainability-linked pricing. The amendment introduces a financing cost that varies based on our performance of certain sustainability performance targets.

The securitization program is recorded as a floating rate revolving loan secured by certain receivables. We continue to service trade receivables and wireless device financing plan receivables under the securitization program, which matures in July 2025 unless previously terminated. The lenders' interest in the collection of these receivables ranks ahead of our interests, which means that we are exposed to certain risks of default on the amounts securitized.

We have provided various credit enhancements in the form of overcollateralization and subordination of our retained interests. The lenders have no further claim on our other assets if customers do not pay the amounts owed.

As of December 31, 2023, the balance of loans secured by receivables was $1.2 billion in U.S. dollars ($1.6 billion in Canadian dollars) and the total receivable balance collateralized under the program was $3.3 billion. The foreign currency risk on these loans is managed using foreign currency forward contracts. See section 6.5, *Financial risk management* in this MD&A for additional details.

## Credit facilities

The table below is a summary of our total bank credit facilities at December 31, 2023.

| December 31, 2023 | Total available | Drawn | Letters of credit | Commercial paper outstanding | Net available |
|---|---|---|---|---|---|
| **Committed credit facilities** | | | | | |
| Unsecured revolving and expansion credit facilities (1) (2) | 3,500 | – | – | 197 | 3,303 |
| Unsecured non-revolving credit facilities (3) | 641 | – | – | – | 641 |
| Other | 106 | – | 81 | – | 25 |
| **Total committed credit facilities** | 4,247 | – | 81 | 197 | 3,969 |
| **Non-committed credit facilities** | | | | | |
| Bell Canada | 2,159 | – | 862 | – | 1,297 |
| Bell Mobility | 794 | 476 | – | – | 318 |
| **Total non-committed credit facilities** | 2,953 | 476 | 862 | – | 1,615 |
| **Total committed and non-committed credit facilities** | 7,200 | 476 | 943 | 197 | 5,584 |

(1) *Bell Canada's $2.5 billion committed revolving credit facility expires in May 2028 and its $1 billion committed expansion credit facility expires in May 2026. In 2022, Bell Canada converted its committed credit facilities into a sustainability-linked loan. The amendment introduces a borrowing cost that varies based on our performance of certain sustainability performance targets.*

(2) *As of December 31, 2023, Bell Canada's outstanding commercial paper included $149 million in U.S. dollars ($197 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in Debt due within one year.*

(3) *In 2022, Bell Canada entered into two 30-year senior unsecured non-revolving credit facilities in the aggregate principal amount of up to $647 million to partly fund the expansion of its broadband networks as part of government subsidy programs. In 2023, the maximum aggregate principal amount of such credit facilities was decreased to $641 million.*

Bell Canada may issue notes under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3 billion in either Canadian or U.S. currency provided that at no time shall such maximum amount of notes exceed $3.5 billion in Canadian currency, which equals the aggregate amount available under Bell Canada's committed supporting revolving and expansion credit facilities as at December 31, 2023. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

In 2023, Bell Mobility entered into a $600 million U.S. dollar uncommitted trade loan agreement to finance certain purchase obligations. Loan requests may be made until April 30, 2024, with each loan having a term of up to 24 months. The loan agreement has been hedged for foreign currency fluctuations.

Some of our credit agreements require us to meet specific financial ratios and to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada. In addition, some of our debt agreements require us to make an offer to repurchase certain series of debt securities upon the occurrence of a change of control event as defined in the relevant debt agreements. We are in compliance with all conditions and restrictions under such agreements.

# Cash requirements

## Capital expenditures

In 2024, our planned capital spending will be focused on our strategic imperatives, reflecting an appropriate level of investment in our networks and services with a rollback of our fibre network expansion as a result of federal government policies and the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network.

## Post-employment benefit plans funding

Our post-employment benefit plans include DB pension and DC pension plans, as well as other post-employment benefits (OPEBs) plans. The funding requirements of our post-employment benefit plans, resulting from valuations of our plan assets and liabilities, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, plan demographics, and applicable regulations and actuarial standards. Actuarial valuations were last performed for our significant post-employment benefit plans as at December 31, 2022.

We expect to contribute approximately $45 million to our DB pension plans in 2024, subject to actuarial valuations being completed. We expect to contribute approximately $10 million to the DC pension plans and to pay approximately $60 million to beneficiaries under OPEB plans in 2024.

## Dividend payments

In 2024, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2023 as BCE's annual common share dividend increased by 3.1% to $3.99 per common share from $3.87 per common share effective with the dividend payable on April 15, 2024. The declaration of dividends is subject to the discretion of the BCE Board.

## Contractual obligations

The following table is a summary of our contractual obligations at December 31, 2023 that are due in each of the next five years and thereafter.

| At December 31, 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| **Recognized financial liabilities** | | | | | | | |
| Total debt, excluding lease liabilities | 2,172 | 2,690 | 1,609 | 1,742 | 2,120 | 19,337 | 29,670 |
| Notes payable | 207 | – | – | – | – | – | 207 |
| Lease liabilities [(1)] | 1,245 | 1,034 | 673 | 403 | 334 | 2,041 | 5,730 |
| Loan secured by receivables | 1,588 | – | – | – | – | – | 1,588 |
| Interest payable on long-term debt, notes payable and loan secured by receivables | 1,301 | 1,133 | 1,060 | 1,019 | 962 | 10,548 | 16,023 |
| Net (receipts) payments on cross currency interest rate swaps | (6) | 18 | (5) | (11) | (9) | (70) | (83) |
| **Commitments** | | | | | | | |
| Commitments for property, plant and equipment and intangible assets | 2,043 | 1,513 | 599 | 316 | 246 | 1,041 | 5,758 |
| Purchase obligations | 619 | 513 | 537 | 314 | 219 | 820 | 3,022 |
| Planned acquisition of OUTFRONT Media Inc. | 410 | – | – | – | – | – | 410 |
| Leases committed not yet commenced | 2 | 6 | – | – | – | – | 8 |
| **Total** | **9,581** | **6,907** | **4,473** | **3,783** | **3,872** | **33,717** | **62,333** |

(1) *Includes imputed interest of $873 million.*

We are also exposed to liquidity risk for financial liabilities due within one year as shown in the statements of financial position in BCE's 2023 consolidated financial statements.

Our commitments for property, plant and equipment and intangible assets include program and feature film rights and investments to expand and update our networks to meet customer demand.

Purchase obligations consist of contractual obligations under service and product contracts for operating expenditures and other purchase obligations.

Our commitments for leases not yet commenced include real estate, OOH advertising spaces and fibre use. These leases are non-cancellable.

On October 23, 2023, Bell Media announced it plans to acquire the Canadian OOH media business of OUTFRONT Media Inc. The transaction is valued at $410 million, subject to certain adjustments, and is expected to close in the first half of 2024, subject to regulatory approval and other closing conditions. The acquisition of the Canadian OOH media business of OUTFRONT Media Inc. is expected to support Bell Media's digital media strategy and to deliver impactful, multi-channel marketing solutions coast-to-coast. The results of the Canadian OOH business of OUTFRONT Media Inc. will be included in our Bell Media segment.

## Indemnifications and guarantees

As a regular part of our business, we enter into agreements that provide for indemnifications and guarantees to counterparties in transactions involving business dispositions, sales of assets, sales of services, purchases and development of assets, securitization agreements and leases. While some of the agreements specify a maximum potential exposure, many do not specify a maximum amount or termination date.

We cannot reasonably estimate the maximum potential amount we could be required to pay counterparties because of the nature of almost all of these indemnifications and guarantees. As a result, we cannot determine how they could affect our future liquidity, capital resources or credit risk profile. We have not made any significant payments under indemnifications or guarantees in the past.

# 6.8 Litigation

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. In particular, because of the nature of our consumer-facing business, we are exposed to class actions pursuant to which substantial monetary damages may be claimed. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims and legal proceedings. Subject to the foregoing, and based on information currently available and management's assessment of the merits of the claims and legal proceedings pending at March 7, 2024, management believes that the ultimate resolution of these claims and legal proceedings is unlikely to have a material and negative effect on our financial statements or operations. We believe that we have strong defences and we intend to vigorously defend our positions.

For a description of important legal proceedings pending at March 7, 2024, please see the section entitled *Legal proceedings* contained in the BCE 2023 AIF.

# 7 Selected annual and quarterly information

## 7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2023, 2022 and 2021 based on the annual consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We discuss the factors that caused our results to vary over the past two years throughout this MD&A.

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Consolidated income statements** | | | |
| Operating revenues | | | |
| Service | **21,154** | 20,956 | 20,350 |
| Product | **3,519** | 3,218 | 3,099 |
| Total operating revenues | **24,673** | 24,174 | 23,449 |
| Operating costs | **(14,256)** | (13,975) | (13,556) |
| Adjusted EBITDA | **10,417** | 10,199 | 9,893 |
| Severance, acquisition and other costs | **(200)** | (94) | (209) |
| Depreciation | **(3,745)** | (3,660) | (3,627) |
| Amortization | **(1,173)** | (1,063) | (982) |
| Finance costs | | | |
| Interest expense | **(1,475)** | (1,146) | (1,082) |
| Net return (interest) on post-employment benefit obligations | **108** | 51 | (20) |
| Impairment of assets | **(143)** | (279) | (197) |
| Other (expense) income | **(466)** | (115) | 160 |
| Income taxes | **(996)** | (967) | (1,044) |
| Net earnings | **2,327** | 2,926 | 2,892 |
| Net earnings attributable to: | | | |
| Common shareholders | **2,076** | 2,716 | 2,709 |
| Preferred shareholders | **187** | 152 | 131 |
| Non-controlling interest | **64** | 58 | 52 |
| Net earnings | **2,327** | 2,926 | 2,892 |
| Net earnings per common share – basic and diluted | **2.28** | 2.98 | 2.99 |
| **Ratios** | | | |
| Adjusted EBITDA margin (%) | **42.2%** | 42.2% | 42.2% |

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Consolidated statements of financial position** | | | |
| Property, plant and equipment | **30,352** | 29,256 | 28,235 |
| Total assets | **71,940** | 69,329 | 66,764 |
| Debt due within one year (including notes payable and loans secured by receivables) | **5,042** | 4,137 | 2,625 |
| Long-term debt | **31,135** | 27,783 | 27,048 |
| Total non-current liabilities | **39,276** | 35,345 | 34,710 |
| Equity attributable to BCE shareholders | **20,229** | 22,178 | 22,635 |
| Total equity | **20,557** | 22,515 | 22,941 |
| **Consolidated statements of cash flows** | | | |
| Cash flows from operating activities | **7,946** | 8,365 | 8,008 |
| Cash flows used in investing activities | **(5,781)** | (5,517) | (7,018) |
| Capital expenditures | **(4,581)** | (5,133) | (4,852) |
| Short-term investments | **(1,000)** | – | – |
| Business acquisitions | **(222)** | (429) | (12) |
| Business dispositions | **209** | 52 | – |
| Spectrum licences | **(183)** | (3) | (2,082) |
| Cash flows used in financing activities | **(1,542)** | (2,988) | (925) |
| Issue of common shares | **18** | 171 | 261 |
| (Decrease) increase in notes payable | **(646)** | 111 | 351 |
| Increase (decrease) in securitized receivables | **–** | 700 | (150) |
| Issue of long-term debt | **5,195** | 1,951 | 4,985 |
| Repayment of long-term debt | **(1,858)** | (2,023) | (2,751) |
| Repurchase of a financial liability | **(149)** | – | – |
| Cash dividends paid on common shares | **(3,486)** | (3,312) | (3,132) |
| Cash dividends paid on preferred shares | **(182)** | (136) | (125) |
| Cash dividends paid by subsidiaries to non-controlling interest | **(47)** | (39) | (86) |
| Free cash flow | **3,144** | 3,067 | 2,980 |
| **Share information** | | | |
| Weighted average number of common shares (millions) | **912.2** | 911.5 | 906.3 |
| Common shares outstanding at end of year (millions) | **912.3** | 912.0 | 909.0 |
| Market capitalization (1) | **47,595** | 54,255 | 59,821 |
| Dividends declared per common share (dollars) | **3.87** | 3.68 | 3.50 |
| Dividends declared on common shares | **(3,530)** | (3,356) | (3,175) |
| Dividends declared on preferred shares | **(187)** | (152) | (131) |
| Closing market price per common share (dollars) | **52.17** | 59.49 | 65.81 |
| Total shareholder return | **(6.2%)** | (4.2%) | 27.9% |
| **Ratios** | | | |
| Capital intensity (%) | **18.6%** | 21.2% | 20.7% |
| Price to earnings ratio (times) (2) | **22.88** | 19.96 | 22.01 |
| **Other data** | | | |
| Number of employees (thousands) | **45** | 45 | 50 |

(1) *BCE's common share price at the end of the year multiplied by the number of common shares outstanding at the end of the year.*

(2) *Price to earnings ratio is defined as BCE's common share price at the end of the year divided by EPS.*

## 7.2 Quarterly financial information

The following table shows selected BCE consolidated financial data by quarter for 2023 and 2022. This quarterly information is unaudited but has been prepared on the same basis as the annual consolidated financial statements. We discuss the factors that caused our results to vary over the past eight quarters throughout this MD&A.

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Operating revenues | | | | | | | | |
| Service | **5,348** | **5,281** | **5,303** | **5,222** | 5,353 | 5,193 | 5,233 | 5,177 |
| Product | **1,125** | **799** | **763** | **832** | 1,086 | 831 | 628 | 673 |
| Total operating revenues | **6,473** | **6,080** | **6,066** | **6,054** | 6,439 | 6,024 | 5,861 | 5,850 |
| Adjusted EBITDA | **2,567** | **2,667** | **2,645** | **2,538** | 2,437 | 2,588 | 2,590 | 2,584 |
| Severance, acquisition and other costs | **(41)** | **(10)** | **(100)** | **(49)** | (19) | (22) | (40) | (13) |
| Depreciation | **(954)** | **(937)** | **(936)** | **(918)** | (922) | (914) | (933) | (891) |
| Amortization | **(299)** | **(295)** | **(296)** | **(283)** | (270) | (267) | (266) | (260) |
| Finance costs | | | | | | | | |
| Interest expense | **(399)** | **(373)** | **(359)** | **(344)** | (319) | (298) | (269) | (260) |
| Net return on post-employment benefit plans | **27** | **27** | **27** | **27** | 13 | 13 | 7 | 18 |
| Impairment of assets | **(109)** | **–** | **–** | **(34)** | (150) | (21) | (106) | (2) |
| Other (expense) income | **(147)** | **(129)** | **(311)** | **121** | 19 | (130) | (97) | 93 |
| Income taxes | **(210)** | **(243)** | **(273)** | **(270)** | (222) | (178) | (232) | (335) |
| Net earnings | **435** | **707** | **397** | **788** | 567 | 771 | 654 | 934 |
| Net earnings attributable to common shareholders | **382** | **640** | **329** | **725** | 528 | 715 | 596 | 877 |
| Net earnings per common share – basic and diluted | **0.42** | **0.70** | **0.37** | **0.79** | 0.58 | 0.78 | 0.66 | 0.96 |
| Weighted average number of common shares outstanding – basic (millions) | **912.3** | **912.3** | **912.2** | **912.1** | 912.0 | 911.9 | 911.9 | 910.1 |
| **Other information** | | | | | | | | |
| Cash flows from operating activities | **2,373** | **1,961** | **2,365** | **1,247** | 2,056 | 1,996 | 2,597 | 1,716 |
| Free cash flow | **1,289** | **754** | **1,016** | **85** | 376 | 642 | 1,333 | 716 |
| Capital expenditures | **(1,029)** | **(1,159)** | **(1,307)** | **(1,086)** | (1,638) | (1,317) | (1,219) | (959) |

## Fourth quarter highlights

| Operating revenues | Q4 2023 | Q4 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **5,744** | 5,649 | 95 | 1.7% |
| Bell Media | **822** | 889 | (67) | (7.5%) |
| Inter-segment eliminations | **(93)** | (99) | 6 | 6.1% |
| **Total BCE operating revenues** | **6,473** | 6,439 | 34 | 0.5% |

| Adjusted EBITDA | Q4 2023 | Q4 2022 | $ change | % change |
|---|---|---|---|---|
| Bell CTS | **2,419** | 2,308 | 111 | 4.8% |
| Bell Media | **148** | 129 | 19 | 14.7% |
| **Total BCE adjusted EBITDA** | **2,567** | 2,437 | 130 | 5.3% |

**Total operating revenues at BCE** increased by 0.5% in Q4 2023, compared to Q4 2022, driven by higher product revenues of 3.6%, moderated by a modest decline in service revenues of 0.1%, as the decline in Bell Media revenues was mostly offset by the growth in Bell CTS service revenues. Bell CTS operating revenues increased by 1.7% year over year, attributable to both higher service revenues of 1.2% and greater product revenues of 3.6%. The year-over-year growth in service revenues reflected greater wireless and wireline data revenues, moderated by ongoing declines in voice revenues. Bell Media operating revenues declined by 7.5% year over year, driven by ongoing pressures in advertising revenues.

**BCE net earnings** decreased by 23.3% in Q4 2023, compared to Q4 2022, mainly due to higher other expense, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets.

**BCE's adjusted EBITDA** increased by 5.3% in Q4 2023, compared to the same period last year, due to growth from both our Bell CTS and Bell Media segments of 4.8% and 14.7%, respectively. The year-over-year increase in adjusted EBITDA reflected the flow-through of revenues, along with lower operating costs of 2.4%, mainly driven by Bell Media programming and content savings and the impact of various cost reduction initiatives and operating efficiencies across the company. This resulted in a year-over-year increase in adjusted EBITDA margin of 1.9 pts, to 39.7% in Q4 2023.

**Bell CTS operating revenues** grew by 1.7% in Q4 2023, compared to the same period last year, driven by higher service revenues of 1.2% from ongoing growth in our mobile phone, connected device, Internet and IPTV subscriber bases coupled with the flow-through of consumer rate increases, the contribution from acquisitions, mainly Distributel and FX Innovation, greater wireless roaming revenues and higher sales of business solutions services to large enterprise customers. This was moderated by increased acquisition, retention and bundle discounts on residential services, ongoing erosion in legacy voice, data and satellite TV services and lower wireless data overages driven by greater customer adoption of monthly plans with higher data thresholds. Additionally, product revenues increased by 3.6% year over year, mainly driven by higher wireless product revenues due to greater sales mix of premium mobile phones and lower year-over-year device discounting during the Black Friday and December holiday periods, moderated by lower contracted sales volumes and reduced consumer electronic sales at The Source.

**Bell CTS adjusted EBITDA** increased by 4.8% in Q4 2023, compared to Q4 2022, from greater year-over-year operating revenues, along with lower operating costs. The decline in operating costs of 0.5% reflected various cost reduction initiatives and operating efficiencies, including workforce reductions. Adjusted EBITDA margin of 42.1% in Q4 2023, increased by 1.2 points over Q4 2022, mainly due to the impact of better promotional offer discipline during the Black Friday and December holiday sales periods this year compared to 2022, as well as higher year-over-year revenue flow-through and greater operating cost savings.

**Bell Media operating revenues** decreased by 7.5% in Q4 2023, compared to the same period last year, driven by lower advertising revenues, partly offset by higher subscriber revenues. The continued growth in digital revenues of 27% moderated the overall decline in operating revenues. Advertising revenues decreased by 13.7% in Q4 2023, compared to Q4 2022, due to lower demand from advertisers as a result of ongoing unfavourable economic conditions, which negatively impacted revenues across our TV and radio platforms. TV advertising revenues were also unfavourably impacted by the WGA and SAG-AFTRA strikes and the benefit last year from the broadcast of the FIFA World Cup Qatar 2022. The decline in advertising revenues was partly offset by continued growth in digital advertising revenues, mainly driven by increased bookings from Bell Media's SAM TV media sales tool. Subscriber revenues increased by 1.0% in Q4 2023, compared to the same period last year, due to a one-time retroactive adjustment related to a contract with a Canadian TV distributor.

**Bell Media adjusted EBITDA** increased by 14.7% in Q4 2023, compared to the same period last year, as lower operating costs more than offset the decline in operating revenues. The decrease in operating costs was mainly attributable to lower content and programming costs due to higher costs in Q4 2022 related to the broadcast of the FIFA World Cup Qatar 2022, and content delays in Q4 2023 due to the WGA and SAG-AFTRA strikes, partly offset by ongoing contractual increases in content costs. Additionally, the year-over-year decline in operating costs reflected lower labour costs due to restructuring initiatives undertaken as a result of the unfavourable economic and broadcasting regulatory environments and the cessation of the CRTC Part II broadcasting licence fee.

**BCE capital expenditures** of $1,029 million in Q4 2023, declined by $609 million or 37.2%, compared to the same period last year. This corresponded to a capital intensity ratio of 15.9%, down 9.5 pts over Q4 2022. The decrease in capital expenditures was driven by lower capital spending in Bell CTS of $584 million, due to lower planned spending in 2023 subsequent to accelerated network investments in 2022, along with an unplanned additional $105 million decrease in Q4 2023 as a result of the CRTC's decision in November 2023 to mandate wholesale access to Bell's FTTP network. Bell Media capital expenditures in Q4 2023 also declined year-over-year by $25 million, due to greater spending in Q4 2022 on studio expansions and timing of investments to support digital growth.

**BCE severance, acquisition and other costs** of $41 million in Q4 2023 increased by $22 million, compared to Q4 2022, mainly due to higher acquisition and other costs, partly offset by lower severance costs related to involuntary and voluntary employee terminations.

**BCE depreciation** of $954 million in Q4 2023 increased by $32 million, year over year, mainly due to a higher asset base as we continued to invest in our broadband and wireless networks.

**BCE amortization** of $299 million in Q4 2023 increased by $29 million, year over year, mainly due to a higher asset base.

**BCE interest expense** of $399 million in Q4 2023 increased by $80 million, compared to Q4 2022, mainly due to higher average debt balances and higher average interest rates.

**BCE impairment of assets** of $109 million in Q4 2023 decreased by $41 million, compared to Q4 2022, mainly due to lower impairment charges for French TV channels within our Bell Media segment.

**BCE other expense** of $147 million in Q4 2023 increased by $166 million, year over year, mainly due to losses on our equity investments in associates and joint ventures which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, partly offset by higher interest income.

**BCE income taxes** of $210 million in Q4 2023 decreased by $12 million, compared to Q4 2022, mainly due to a higher value of uncertain tax positions favourably resolved in 2023 compared to 2022, partly offset by higher taxable income.

**BCE net earnings attributable to common shareholders** of $382 million in Q4 2023, or $0.42 per share, were lower than the $528 million, or $0.58 per share, reported in Q4 2022. The year-over-year decrease was mainly due to higher other expense, higher interest expense, higher depreciation and amortization and higher severance, acquisition and other costs, partly offset by higher adjusted EBITDA and lower impairment of assets. Adjusted net earnings increased to $691 million in Q4 2023, compared to $654 million in Q4 2022, and adjusted EPS increased to $0.76 from $0.71 in Q4 2022.

**BCE cash flows from operating activities** was $2,373 million in Q4 2023 compared to $2,056 million in Q4 2022. The increase was mainly attributed to lower income taxes paid, higher cash from working capital and higher adjusted EBITDA, partly offset by higher interest paid.

**BCE free cash flow** generated in Q4 2023 was $1,289 million, compared to $376 million in Q4 2022. The increase was mainly attributable to lower capital expenditures and higher cash flows from operating activities, excluding acquisition and other costs paid.

## Seasonality considerations

Some of our revenues and expenses vary slightly by season, which may impact quarter-to-quarter financial results.

**Wireless** service and product revenues are influenced by the timing of new mobile device launches and seasonal promotional periods, such as back-to-school, Black Friday and the Christmas holiday period, as well as the level of overall competitive intensity. Because of these seasonal effects, subscriber additions and retention costs due to device upgrades related to contract renewals are typically higher in the third and fourth quarters. For ARPU, historically we have experienced seasonal sequential increases in the second and third quarters, due to higher levels of usage and roaming in the spring and summer months, followed by historical seasonal sequential declines in the fourth and first quarters. However, this seasonal effect on ARPU has moderated, as unlimited voice and data options have become more prevalent, resulting in less variability in chargeable data usage.

**Wireline** service and product revenues tend to be higher in the fourth quarter because of historically higher data and equipment product sales to business customers. However, this may vary from year to year depending on the strength of the economy and the presence of targeted sales initiatives, which can influence customer spending. Home Phone, TV and Internet subscriber activity is subject to modest seasonal fluctuations, attributable largely to residential moves during the summer months and the back-to-school period in the third quarter. Targeted marketing efforts conducted during various times of the year to coincide with special events or broad-based marketing campaigns also may have an impact on overall wireline service and product revenues.

**Bell Media** revenue and related expenses from TV and radio broadcasting are largely derived from the sale of advertising, the demand for which is affected by prevailing economic conditions as well as cyclical and seasonal variations. Seasonal variations in TV are driven by the strength of TV ratings, particularly during the fall programming season, major sports league seasons and other special sporting events such as the Olympic Games, National Hockey League (NHL) and NBA playoffs and FIFA World Cup soccer, as well as fluctuations in consumer retail activity during the year.

# 8 Regulatory environment

## 8.1 Introduction

This section describes certain legislation that governs our business and provides highlights of recent regulatory initiatives and proceedings, government consultations and government positions that affect us, influence our business and may continue to affect our ability to compete in the marketplace. Bell Canada and several of its direct and indirect subsidiaries, including Bell Mobility, Bell ExpressVu Limited Partnership (ExpressVu), Bell Media, NorthernTel, Limited Partnership (NorthernTel), Télébec, Limited Partnership (Télébec), Group Maskatel Québec LP (Maskatel) and Northwestel, are governed by the *Telecommunications Act*, the *Broadcasting Act*, the *Radiocommunication Act* and/or the *Bell Canada Act*. Our business is affected by regulations, policies and decisions made by various regulatory agencies, including the CRTC, a quasi-judicial agency of the Government of Canada responsible for regulating Canada's telecommunications and broadcasting industries, and other federal government departments, in particular ISED and the Competition Bureau.

In particular, the CRTC regulates the prices we can charge for retail telecommunications services when it determines there is not enough competition to protect the interests of consumers. The CRTC has determined that competition is sufficient to grant forbearance from retail price regulation under the *Telecommunications Act* for the vast majority of our retail wireline and wireless telecommunications services. The CRTC can also mandate the provision of access by competitors to our wireline and wireless networks and the rates we can charge them. Notably, it currently mandates wholesale high-speed access for wireline broadband as well as domestic wireless roaming services and a wholesale facilities-based MVNO access service. Lower mandated wholesale rates or the imposition of unfavourable terms for mandated services would undermine our incentives to invest in network improvements and extensions, limit our flexibility, influence the market structure, improve the business position of our competitors, limit network-based differentiation of our services and negatively impact the financial performance of our businesses. Our TV distribution and our TV and radio broadcasting businesses are subject to the *Broadcasting Act* and are, for the most part, not subject to retail price regulation.

Although most of our retail services are not price-regulated, government agencies and departments such as the CRTC, ISED, Canadian Heritage and the Competition Bureau continue to play a significant role in regulatory matters such as establishing and modifying regulations for mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, privacy and cybersecurity obligations, and control of copyright piracy. Adverse decisions by governments or regulatory agencies, increasing regulation or a lack of effective anti-piracy remedies could have negative financial, operational, reputational or competitive consequences for our business.

## 8.2 Telecommunications Act

The *Telecommunications Act* governs telecommunications in Canada. It defines the broad objectives of Canada's telecommunications policy and provides the Government of Canada with the power to give general direction to the CRTC on any of its policy objectives. It applies to several of the BCE group of companies and partnerships, including Bell Canada, Bell Mobility, NorthernTel, Télébec, Maskatel and Northwestel.

Under the *Telecommunications Act*, all facilities-based telecommunications service providers in Canada, known as telecommunications common carriers (TCCs), must seek regulatory approval for all telecommunications services, unless the services are exempt or forborne from regulation. Most retail services offered by the BCE group of companies are forborne from retail regulation. The CRTC may exempt an entire class of carriers from regulation under the *Telecommunications Act* if the exemption meets the objectives of Canada's telecommunications policy. In addition, a few large TCCs, including those in the BCE group, must also meet certain Canadian ownership requirements. BCE monitors and periodically reports on the level of non-Canadian ownership of its common shares.

### Review of mobile wireless services

On April 15, 2021, the CRTC released a decision requiring Bell Mobility, Rogers Communications Canada Inc., Telus Communications Inc. and Saskatchewan Telecommunications (SaskTel) to provide MVNO access to their networks to regional wireless carriers to allow them to operate as MVNOs in ISED Tier 4 spectrum licence areas where they own spectrum. While the terms and conditions for MVNO access would be established in tariffs to be approved by the CRTC, the rate for MVNO access would not be subject to the CRTC tariff regime but instead be commercially negotiated between the parties with final offer arbitration (FOA) by the CRTC as a recourse if negotiations fail. The CRTC indicated that the mandated access service is intended to be a temporary measure and will, in the absence of certain implementation delays, be phased out seven years from the date tariffed terms and conditions are finalized. In the decision, the CRTC has also required Bell Mobility, Rogers Communications Canada Inc. and Telus Communications Inc. to provide seamless handoffs as part of the CRTC's existing mandated domestic roaming service and has confirmed that its mandatory roaming obligations apply to 5G. On July 14, 2021, Bell Mobility, Rogers Communications Canada Inc., Telus Communications Inc. and SaskTel filed proposed tariff terms and conditions for the mandated MVNO access service and Bell Mobility, Rogers Communications Canada Inc. and Telus Communications Inc. filed proposed amendments to their mandated roaming tariffs to reflect the CRTC's determinations. On April 6, 2022, the CRTC issued a decision on the mandated roaming tariffs in which it directed Bell Mobility, Rogers Communications Canada Inc. and Telus Communications Inc. to make specified changes to their tariffs by April 21, 2022, for CRTC approval.

On October 19, 2022, the CRTC issued a decision in which it made certain determinations regarding the terms and conditions of the proposed MVNO tariffs previously filed by Bell Mobility, Rogers Communications Canada Inc., Telus Communications Inc. and SaskTel, and directed them to file revised tariffs reflecting these determinations within 30 days. In the decision, the CRTC directed Bell Mobility, Rogers Communications Canada Inc., Telus Communications Inc. and SaskTel to offer MVNO access service to regional carriers with a home radio access network (RAN) and core network actively offering mobile wireless services commercially to retail customers in Canada, and confirmed that similar terms and conditions related to seamless handoffs and 5G in the domestic roaming tariffs should apply to the mandated MVNO tariffs. The CRTC required Bell Mobility, Rogers Communications Canada Inc., Telus Communications Inc. and SaskTel to begin accepting requests for MVNO access from regional wireless carriers from the date of the decision. Bell Mobility is required to provide access to the mandated MVNO service in all provinces (excluding Saskatchewan) and in the three territories. It is unclear at this time what impact, if any, the measures set out in this decision could have on our business and financial results, and our ability to make investments at the same levels as we have in the past. In Q3 2023, we began providing MVNO access service on Bell Mobility's network in certain regions and expect that use of the service on our network by our wholesale customers will continue to expand in the future.

On July 13, 2023, the CRTC accepted a request from Québecor Media Inc. to initiate FOA in respect of rates for MVNO access service from Bell Mobility. Following the parties' submissions in August 2023, the CRTC issued a decision on October 10, 2023, selecting the rate proposed by Bell Mobility. On December 15, 2023, Québecor Media Inc. subsequently filed a Part 1 application seeking the CRTC's intervention in determining the start date for the MVNO access service from Bell Mobility. Bell Mobility filed its responding submission on January 19, 2024.

The CRTC previously accepted a joint request for FOA from Rogers Communications Canada Inc. and Québecor Media Inc. On July 24, 2023, the CRTC issued its decision in that arbitration, selecting the rate proposed by Québecor Media Inc. In the decision, the CRTC made a number of findings or determinations that indicate a continued trend toward downplaying the importance of incentives for investment in telecommunications networks in Canada. While the CRTC's determination in Bell Mobility's FOA with Québecor Media Inc appears to have moderated this approach by highlighting the importance of providing a return on investment to facilities-based carriers, adverse regulatory decisions such as the Rogers Communications Canada Inc. and Québecor Media Inc FOA decision are expected to impact the specific nature, magnitude, location and timing of our future wireless and wireline investment decisions. On August 23, 2023, Rogers Communications Canada Inc. sought leave to appeal the CRTC's arbitration decision with the Federal Court of Appeal.

## Review of wholesale FTTN high-speed access service rates

As part of its ongoing review of wholesale Internet rates, on October 6, 2016, the CRTC significantly reduced, on an interim basis, some of the wholesale rates that Bell Canada and other major providers charge for access by third-party Internet resellers to FTTN or cable networks, as applicable. On August 15, 2019, the CRTC further reduced the wholesale rates that Internet resellers pay to access network infrastructure built by facilities-based providers like Bell Canada, with retroactive effect to March 2016.

The August 2019 decision was stayed, first by the Federal Court of Appeal and then by the CRTC, with the result that it never came into effect. In response to review and vary applications filed by each of Bell Canada, five major cable carriers (Cogeco Communications Inc., Eastlink, Rogers Communications Canada Inc., Shaw and Vidéotron) and Telus Communications Inc., the CRTC issued Decision 2021-182 on May 27, 2021, which mostly reinstated the rates prevailing prior to August 2019 with some reductions to the Bell Canada rates with retroactive effect to March 2016. As a result, in the second quarter of 2021, we recorded a reduction in revenue of $44 million in our consolidated income statements.

While there remains a requirement to refund monies to third-party Internet resellers, the establishment of final wholesale rates that are similar to those prevailing since 2019 reduces the impact of the CRTC's long-running review of wholesale Internet rates. The largest reseller, TekSavvy Solutions Inc. (TekSavvy), obtained leave to appeal the CRTC's decision of May 27, 2021 before the Federal Court of Appeal. Oral hearings are now complete and we are awaiting a decision of the court. The decision was also challenged in three petitions brought by TekSavvy, Canadian Network Operators Consortium Inc. and National Capital Freenet before Cabinet but, on May 26, 2022, Cabinet announced it would not alter the decision.

## Review of the wholesale high-speed access service framework

On March 8, 2023, the CRTC launched a consultation, TNC 2023-56, to review the wholesale high-speed access framework. The CRTC expressed the preliminary views that (i) the provision of aggregated wholesale high-speed access services should be mandated, including over FTTP facilities, and (ii) aggregated access to FTTP facilities should be mandated on a temporary and expedited basis, until the CRTC reaches a decision as to whether such access is to be provided indefinitely.

The review is also notably seeking comments on (i) the future of disaggregated high-speed access services, (ii) the state of competition in the retail Internet service market, (iii) whether other changes are required to support wholesale-based competition across all regions of the country, (iv) whether wholesale regulation should continue to be relied upon to address concerns regarding market concentration and the potential exercise of market power, and (v) whether the CRTC should consider any type of retail regulation.

On November 6, 2023, in Telecom Decision CRTC 2023-358 (the Decision), the CRTC determined that aggregated access to Bell Canada's FTTP facilities in Ontario and Québec should be mandated on a temporary and expedited basis, and the CRTC set interim access rates. The CRTC may maintain, reverse or otherwise modify this new obligation when it concludes its ongoing wholesale high-speed access review.

The imposition of an interim aggregated access to FTTP facilities obligation has undermined Bell Canada's incentives to invest in next-generation wireline networks and is expected to adversely impact our financial results. Bell Canada announced its intention to reduce capital expenditures by over $1 billion over 2024 and 2025 combined, including a minimum of $500 million in 2024, and roll back fibre network expansion to a near-term target of 8.3 million locations by the end of 2025 as a result of federal government policies and the Decision. Bell Canada is also capping fibre speeds at 3 Gbps. In Q4 2023, Bell Canada reduced its capital investment by $105 million more than originally planned as a result of the Decision.

On November 15, 2023, Bell Canada sought leave to appeal the Decision to the Federal Court of Appeal, along with a stay of the Decision pending resolution of its appeal. On February 9, 2024, the Federal Court of Appeal granted Bell Canada leave to appeal but declined to grant the requested stay. On February 2, 2024, Bell Canada filed an appeal to the Governor-in-Council.

Additionally, on February 1, 2024, CIK Telecom filed an application with the CRTC asking that the CRTC clarify or vary the intended scope of the Decision to: (1) prevent Bell Canada, Rogers Communications Inc., Québecor Media Inc. and Telus Communications Inc. from accessing aggregated FTTP facilities pursuant to the Decision, and (2) lower the interim rates set in the Decision. In a letter dated March 5, 2024, the CRTC stated that the changes CIK Telecom sought will be considered in the final decision and thus closed the application.

### Review of the CRTC's regulatory framework for Northwestel

On June 8, 2022, the CRTC launched the second phase of a proceeding to review the regulatory framework for Northwestel and the state of telecommunications services in Canada's North. This proceeding may result in modifications to the current regulatory framework for Northwestel, including with respect to issues such as rates, wholesale access and subsidies. Modifications to the current regulatory framework may result in additional subsidies and rate flexibility for Northwestel, which would encourage investment, or they may result in rate reductions/restrictions or additional wholesale obligations, which would undermine incentives for investment in the North. At this time, it is unclear what impact, if any, the results of the proceeding could have on our business and financial results.

### CRTC review of access to poles

On February 15, 2023, the CRTC issued a decision which included a number of determinations to facilitate access by third parties to poles owned by Canadian carriers or poles to which Canadian carriers control access. Among other directions, the CRTC's decision: establishes new timelines for each step in the pole access permitting process; reduces the obligations of access seekers to pay costs for any pole repairs, upgrades or replacements required to accommodate the addition of the access seeker's equipment; provides access seekers with greater flexibility to carry out pole repairs and upgrades themselves; maintains the circumstances under which pole owners may obtain priority access to poles or reserve capacity for their future use on poles; and imposes new notification and reporting obligations on pole owners. On April 3, 2023, large ILECs, including Bell Canada, updated their applicable tariffs to incorporate the new determinations and are awaiting the CRTC's approval.

On October 16, 2023, Bell Canada filed Tariff Notice 981 to revise the tariff pages for its National Services Tariff (NST) CRTC 7400 Item 901 – Support Structure Service to reflect an updated monthly pole rental rate per unit applicable in its Ontario and Québec serving area, and is awaiting the CRTC's decision on this application.

### Bill C-26, An Act Respecting Cyber Security

On June 14, 2022, the Government of Canada introduced Bill C-26, *An Act Respecting Cyber Security* (ARCS). ARCS would enact the *Critical Cyber Systems Protection Act*, which would establish a regulatory framework requiring designated operators in the finance, telecommunications, energy and transportation sectors to protect their critical cyber systems. Also included in Bill C-26 are proposed changes to the *Telecommunications Act* that would establish new authorities that would enable the Government to take action to promote the security of the Canadian telecommunications system, which could include measures with respect to certain suppliers, such as Huawei and ZTE. If enacted, Bill C-26 would give the Minister responsible for ISED additional order-making powers and establish an enforcement regime under which the Minister responsible for ISED could impose administrative monetary penalties, among other actions. It is unclear at this time what impact the legislative changes could have on our business and financial results.

### Canada's telecommunications foreign ownership rules

Under the *Telecommunications Act*, there are no foreign investment restrictions applicable to TCCs that have less than a 10% share of the total Canadian telecommunications market as measured by annual revenues. However, foreign investment in telecommunications companies can still be refused by the government under the *Investment Canada Act*. The absence of foreign ownership restrictions on such small or new entrant TCCs could result in more foreign companies entering the Canadian market, including by acquiring spectrum licences or Canadian TCCs.

## 8.3 Broadcasting Act

The *Broadcasting Act* outlines the broad objectives of Canada's broadcasting policy and assigns the regulation and supervision of the broadcasting system to the CRTC. Key policy objectives of the *Broadcasting Act* are to protect and strengthen the cultural, political, social and economic fabric of Canada and to encourage the development of Canadian expression.

Most broadcasting activities require a programming or distribution licence from the CRTC. The CRTC may exempt broadcasting undertakings from complying with certain licensing and regulatory requirements if it is satisfied that non-compliance will not materially affect the implementation of Canadian broadcasting policy. A corporation must also meet certain Canadian ownership and control requirements to obtain a programming or distribution licence, and corporations must have the CRTC's approval before they can transfer effective control of a broadcasting licensee.

Our TV distribution operations and our TV and radio broadcasting operations are subject to the requirements of the *Broadcasting Act*, the policies and decisions of the CRTC and their respective broadcasting licences. Any changes in the *Broadcasting Act*, amendments to regulations or the adoption of new ones, or amendments to licences, could negatively affect our competitive position or the cost of providing services.

## Bill C-11, An Act to amend the Broadcasting Act

On April 27, 2023, Bill C-11, *An Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*, received royal assent. Key among the amendments in Bill C-11 is the immediate elimination of CRTC Part II Licence Fees whereby the broadcasting industry paid an annual tax of approximately $125 million per year. In addition, foreign online broadcasting undertakings doing business in Canada will be required to contribute to the Canadian broadcasting system in a manner that the CRTC deems appropriate. The specifics of such contributions will be determined through the CRTC's public consultation processes and enforced by way of conditions imposed by the CRTC. The timing and the outcome of the CRTC's consultation processes, the first stage of which was launched on May 12, 2023 (as discussed under *Broadcast Notice of Consultation* 2023-138 below) are unknown; therefore the impact that these regulatory changes could have on our business and financial results is unclear at this time.

## Broadcast Notice of Consultation CRTC 2023-138

On May 12, 2023, the CRTC issued Broadcasting Notice of Consultation CRTC 2023-138, *The Path Forward – Working towards a modernized regulatory framework regarding the contributions to support Canadian and Indigenous content*. This Notice represents the first of three steps to develop an updated regulatory framework for broadcasting undertakings, including online undertakings. A key part of this new framework is to establish the conditions under which online services would be required to make financial contributions, including initial base contributions, to support the creation and discoverability of Canadian and Indigenous content. It will also determine who the recipients of the initial base contributions will be. The CRTC held a three-week hearing beginning on November 20, 2023 to focus on these issues. While the CRTC has not yet initiated its public consultations for Steps 2 and 3, these subsequent proceedings will focus on the overall framework for both traditional and online undertakings, with a focus on how to support the creation of Canadian and Indigenous content beyond financial contribution requirements, as well as diversity, inclusion and discoverability issues. In Step 3, the CRTC intends to finalize each undertaking's or ownership group's contribution requirements, presumably as part of our group licence renewal. The timing and outcome of all of these proceedings, including the CRTC's Step 1 decision, is unknown. Therefore, the impact that these regulatory changes could have on our business and financial results is unclear at this time.

## Broadcast Policy Direction

On November 14, 2023, the Government of Canada released its Policy Direction, which directs the CRTC on how to implement the amendments to the *Broadcasting Act* (Bill C-11). The Direction requires the CRTC to focus on ensuring strong support for Canadian and Indigenous programming, as well as to consider the importance of sustainable support for local and regional news by the Canadian broadcasting system. In addition, the Direction requires the CRTC to minimize the regulatory burden on the Canadian broadcasting system, and to consider how to foster collaboration between Canadian and foreign undertakings. At this time, it is unclear what impact, if any, the Direction could have on our business and financial results.

# 8.4 Radiocommunication Act

ISED regulates the use of radio spectrum under the *Radiocommunication Act* and *Radiocommunication Regulations* to ensure that radiocommunication in Canada is developed and operated efficiently. All companies wishing to operate radio apparatus in Canada must hold a radio licence or spectrum licence to do so. The *Radiocommunication Regulations* specify those persons (including corporations such as Bell Canada and Bell Mobility) who are eligible to be issued radio licences or spectrum licences.

## 3800 MHz spectrum auction

The auction for licensing 3800 MHz spectrum began on October 24, 2023 and the provisional spectrum licence winners were announced by ISED on November 30, 2023. Bell Mobility secured the right to acquire 939 licences of 3800 MHz spectrum across Canada covering 1.77 billion MHz-Pop for $518 million. As part of this auction, ISED implemented a cross-band spectrum cap (with the 3500 MHz band) of 100 MHz. The auctioned licences will have a 20-year term and licences will not be transferable for the first five years of the licence term if the transfer results in exceeding the cross-band spectrum cap. In addition, licensees will be required to provide network coverage to a certain percentage of the population at 5, 7, 10 and 20 years following licence issuance depending on the licence area. Licensees with existing LTE networks will be subject to additional deployment requirements based on their existing LTE coverage. Bell Mobility's initial auction payment representing 20% of the total payment was made on January 17, 2024. The remaining 80% representing the final auction payment is due on May 29, 2024, at which time ISED will issue the 3800 MHz spectrum licences.

## Consultation on 26, 28 and 38 GHz (Millimeter Wave) spectrum licensing framework

On June 6, 2022, ISED initiated a consultation seeking input regarding a policy and licensing framework to govern the auction and use of spectrum licences in the 26, 28 and 38 Gigahertz (GHz) (Millimeter Wave) spectrum bands. The consultation paper seeks comments on the use of a spectrum set-aside for certain auction bidders, or a spectrum cap across the 26, 28 and 38 GHz spectrum bands. ISED proposes that the auctioned licences will have a 10-year term and that there will be limits on the extent of transferability of licences for the first five years of the licence term. In addition, ISED proposes that licensees will be required to deploy a certain number of sites in each licence area at five and nine and a half years following licence issuance. ISED has not yet indicated a specific date when the auction will take place. The consultation paper also seeks comments on the transition process for existing 38 GHz licensees from fixed to flexible use (i.e., mobile or fixed use), as well as the limitations on the use of 38 GHz spectrum by satellite earth stations. It is unclear what impact the results of this consultation and future related processes could have on our business and financial results.

## 8.5 Bell Canada Act

Among other things, the *Bell Canada Act* limits how Bell Canada voting shares and Bell Canada facilities may be sold or transferred. Specifically, under the *Bell Canada Act*, the CRTC must approve any sale or other disposal of Bell Canada voting shares that are held by BCE, unless the sale or disposal would result in BCE retaining at least 80% of all of the issued and outstanding voting shares of Bell Canada. Except in the ordinary course of business, the sale or other disposal of facilities integral to Bell Canada's telecommunications activities must also receive CRTC approval.

## 8.6 Other

### Bill C-18, the Online News Act

On June 22, 2023, Bill C-18, *An Act respecting online communications platforms that make news content available to persons in Canada* (the Online News Act) received royal assent. The Online News Act requires digital news intermediaries, such as Google and Meta, that share news content produced by other news outlets to negotiate commercial arrangements with those outlets, compensating them for the news content shared on digital platforms. The legislation entitles Bell Media's general news services, such as CTV and Noovo, to compensation. Further details regarding the compensation framework have been set out in Regulations that were released on December 15, 2023. These Regulations clarify that the Online News Act applies to search engines and social media sites that provide access to news content in Canada provided these platforms earn at least Cdn $1 billion in annual global revenue and reach at least 20 million Canadians on a monthly basis. In addition, the total amount of compensation to be provided by the largest platform (i.e., Google) is limited to $100 million annually, and compensation provided by other platforms will be determined by the CRTC based on the platform's Canadian advertising revenues. Of these amounts, private broadcasters cannot receive more than 30% of the overall compensation available. The amount of compensation that Bell Media may receive from Google is unclear, as is the timing of such compensation. It is also unknown whether Meta will stop blocking news links and subject themselves to the jurisdiction of the Online News Act. While Meta's actions are having some negative impact on our news sites, the full impact that the legislative changes could have on our business and financial results is unknown at this time. Finally, the CRTC must still establish its processes to administer the Online News Act.

# 9 Business risks

**A risk is the possibility that an event might happen in the future that could have a negative effect on our business, financial condition, liquidity, financial results or reputation. The actual effect of any event could be materially different from what we currently anticipate. The risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, liquidity, financial results or reputation.**

**This section describes the principal business risks that could have a material adverse effect on our business, financial condition, liquidity, financial results or reputation, and cause actual results or events to differ materially from our expectations expressed in, or implied by, our forward-looking statements. Certain of these principal business risks have already been discussed in other sections of this MD&A, and we refer the reader to those sections for a discussion of such risks. All of the risk discussions set out in the sections referred to in the table below, as well as the risk discussion relating to general economic conditions and geopolitical events set out in Section 3.3, *Principal business risks*, are incorporated by reference in this section 9.**

| Risks discussed in other sections of this MD&A | Section references |
|---|---|
| **Regulatory environment** | Section 3.3, *Principal business risks*<br>Section 8, *Regulatory environment* |
| **Competitive environment** | Section 3.3, *Principal business risks*<br>Section 5, *Business segment analysis* (*Competitive landscape and industry trends* section for each segment) |
| **Technology/infrastructure transformation** | Section 3.3, *Principal business risks* |
| **Risks specifically relating to our Bell CTS and Bell Media segments** | Section 5, *Business segment analysis* (*Principal business risks* section for each segment) |

The other principal business risks that could also have a material adverse effect on our business, financial condition, liquidity, financial results or reputation are discussed below.

## Customer experience

Our networks | Our customers and relationships | Our products and services

**Driving a positive customer experience in all aspects of our engagement with customers is important to avoid brand degradation and other adverse impacts on our business and financial performance**

As the bar continues to be raised by customers' evolving expectations of service and value, failure to get ahead of such expectations and build a more robust and consistent service experience at a fair value proposition could hinder product and service differentiation and customer loyalty. The foundation of effective customer service is the ability to deliver high-quality, consistent and simple solutions to customers in an expeditious manner and on mutually agreeable terms. Although we seek to reduce complexity in our operations through our transformation initiatives, we operate with multiple technology platforms, ordering and billing systems, sales channels, marketing databases and a myriad of rate plans, promotions, brands and product offerings, in the context of a large customer base and a workforce that continuously requires to be trained, monitored and replaced, which may limit our ability to respond quickly to market changes and reduce costs, and may lead to customer confusion or billing, service or other errors, which could adversely affect customer satisfaction, acquisition and retention. Media attention to customer complaints could also erode our brand and reputation and adversely affect customer acquisition and retention. In addition, the current global economic environment may bring about further workforce reduction initiatives or limit investments, which could negatively impact the rapidity of our response to customer demands and the overall customer experience.

With the proliferation of connectivity services, apps and devices, customers are accustomed to doing things when, how and where they want through websites, self-serve options, web chat, call centres and social media forums. These customer demands have intensified since the beginning of the COVID-19 pandemic and the resulting shift to online transactions, and we seek to provide the necessary platforms for customers to research, interact, purchase and receive service. Customers' journey is increasingly completed on mobile devices, requiring alignment of websites, customer support platforms and marketing. Understanding the customer relationship as a whole in a multi-product environment and delivering a simple, seamless experience at a fair price is increasingly central to an evolving competitive dynamic. While we have introduced new services and tools, including self-managed solutions, designed to accelerate our customer experience evolution, we are unable to predict whether such services and tools will be sufficient to meet customer expectations. Failure to develop true omni-channel capabilities and improve our customer experience by digitizing and developing a consistent, fast and on-demand end-to-end experience before, during and after sales using new technologies such as AI and machine learning, in parallel with our network evolution, could also adversely affect our business, financial results, reputation and brand value. Such development activities could further be challenged by scarcity of skilled resources in a competitive labour market. In addition, while AI could provide for better, cost-effective and convenient customer experiences, we must carefully assess the challenges associated with the use of such technology by us as well as by our competitors.

Customers' perception of our products, services, brand and corporate image is also important. Embracing topics that matter to the stakeholder value proposition, such as ESG practices and the reporting of same, adds an important layer to the customer perception of our company and thus to the overall customer experience. Failure to positively influence customer perceptions through effective communication, including through our use of social media and other communication media or otherwise, could adversely affect our business, financial results, reputation and brand value.

## Security management and data governance

Our networks | Our customers and relationships | Our products and services | Our people | Our financial resources

**Our operations, service performance, reputation and business continuity depend on how well we protect our physical and non-physical assets, including from information security threats**

Our operations, service performance, reputation and business continuity depend on how well we protect our physical and non-physical assets, including networks, IT systems, offices, corporate stores and sensitive information, from events such as information security attacks, unauthorized access or entry, fire, natural disasters, power loss, building cooling loss, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. The protection and effective organization of our systems, applications and information repositories are central to the secure and continuous operation of our networks and business, as electronic and physical records of proprietary business and personal data, such as confidential customer and employee information, are all sensitive from a market and privacy perspective.

Information security breaches can result from deliberate or unintended actions by a growing number of sophisticated actors, including hackers, organized criminals, state-sponsored organizations and other parties. Information security attacks have grown in complexity, magnitude and frequency in recent years and the potential for damage is increasing. Information security attacks may be perpetrated using a complex array of ever evolving and changing means including, without limitation, the use of stolen credentials, social engineering, computer viruses and malicious software, phishing and other attacks on network and information systems. Information security attacks aim to achieve various malicious objectives including unauthorized access to, ransom/encryption of, and theft of, confidential, proprietary, sensitive or personal information, as well as extortion and business disruptions.

We are also exposed to information security threats as a result of actions that may be taken by our customers, suppliers, outsourcers, business partners, employees or independent third parties, whether malicious or not, including as a result of the use of social media, cloud-based solutions and IT consumerization. Our use of third-party suppliers and outsourcers and reliance on business partners, which may similarly be subject to information security threats, also expose us to risks as we have less immediate oversight over their IT domains. Furthermore, the introduction of 5G, cloud computing and the proliferation of data services, including mobile TV, mobile commerce, mobile banking and IoT applications, as well as increased digitization and the use or misuse of emerging technologies such as AI, robotics and smart contracts leveraging blockchain for digital certification, have significantly increased the threat surface of our networks and systems, resulting in higher complexity that needs to be carefully monitored and managed to minimize security threats. Failure to implement an information security program that efficiently considers relationships and interactions with business partners, suppliers, customers, employees and other third parties across all methods of communication, including social media and cloud-based solutions, could adversely affect our ability to successfully defend against information security attacks.

Changes in behaviour further to the COVID-19 pandemic as well as recent geopolitical events have further increased our exposure to information security threats. Remote work arrangements of our employees and those of our suppliers have increased remote connectivity to our systems and the potential use of unauthorized communications technologies. In addition, we have seen an increase in global criminal activity, which further pressures our security environment.

If information security threats were to become successful attacks resulting in information security breaches, they could harm our brand, reputation and competitiveness, decrease customer and investor confidence and adversely affect our business, financial results, stock price and long-term shareholder value, given that they could lead to:

- Network operating failures and business disruptions, which could negatively impact our ability to sell products and services to our customers and adversely affect their ability to maintain normal business operations and deliver critical services, and/or the ability of third-party suppliers to deliver critical services to us
- Unauthorized access to, and use of, proprietary or sensitive information, which could result in lost revenue, diminished competitive advantages, challenges in retaining or attracting customers after an incident and loss of future business opportunities
- Theft, loss, unauthorized disclosure, destruction, encryption or corruption of data and confidential information, including personal information about our customers or employees, that could result in financial loss, exposure to claims for damages by customers, employees and others, extortion threats due to ransomware and difficulty in accessing materials to defend legal actions
- Physical damage to network assets impacting service continuity
- Fines and sanctions for failure to meet legislative requirements or from credit card providers for failing to comply with payment card industry data security standards for protection of cardholder data
- Increased fraud as criminals leverage stolen information against our customers, our employees or our company
- Remediation costs such as liability for stolen information, equipment repair and service recovery, and incentives to customers or business partners in an effort to maintain relationships after an incident
- Increased information security protection costs, including the costs of deploying additional personnel and protection technologies, training and monitoring employees, and engaging third-party security experts and auditors
- Changes in the terms, conditions and pricing of customer, supplier and financial contracts and agreements that we may have

In light of the evolving nature and sophistication of information security threats, our information security policies, procedures and controls must continuously adapt and evolve in order to seek to mitigate risk and, consequently, require constant monitoring to ensure effectiveness. However, given the complexity and scale of our business, network infrastructure, technology and IT supporting systems, there can be no assurance that the security policies, procedures and controls that we implement will be effective against all information security attacks. In addition, there can be no assurance that any insurance we may have will cover all or part of the costs, damages, liabilities or losses that could result from the occurrence of any information security breach.

**Failure to implement an effective data governance framework could harm our brand and reputation, expose us to regulatory pressure and penalties, constrain our competitive opportunities, and adversely affect our business and financial results**

To achieve our purpose of advancing how Canadians connect with each other and the world, we must preserve the social licence from our customers and all Canadians to collect and use data in our operations. A strong and consistently applied approach to data governance is critical to maintaining that social licence, requiring us to focus on respecting the privacy of our customers' data and protecting such data against information security threats. As our operations involve receiving, processing and storing such proprietary business and personal data, effective policies, procedures and controls must be implemented to protect information systems and underlying data in accordance with applicable privacy legislation. Failure to meet customer and employee expectations regarding the appropriate use and protection of their data could have negative reputational, business and financial consequences for the company.

There has also been increased regulatory scrutiny over the use, collection, and disclosure of personal information in Canada. We are subject to various privacy legislation, such as Canada's anti-spam legislation (CASL) and the *Personal Information Protection and Electronic Documents Act*, as well as foreign privacy legislation via the mandatory flow-through of privacy-related obligations by our customers, including those of the *General Data Protection Regulation* (EU). Global and domestic regulation around privacy and data practices are evolving rapidly and new or amended privacy legislation has been proposed or adopted federally and in a number of Canadian provincial jurisdictions with significant obligations, limitations on the use of personal information, penalties and short implementation horizons. Our data governance framework must not only meet applicable privacy requirements, but also be able to evolve for continuous improvement. Effective data governance is also a component of good ESG practices, which are considered an increasingly important measure of corporate performance and value creation.

Failure to implement an effective data governance framework encompassing the protection and appropriate use of data across its life cycle, and incorporating data governance as a core consideration in our business initiatives and technology decisions, could harm our brand, reputation and competitiveness, decrease customer and investor confidence and adversely affect our business and financial results. It could give rise to litigation, investigations, fines and liability for failure to comply with increasingly stringent privacy legislation, as well as increased audit and regulatory scrutiny that could divert resources from business operations.

## People

Our people

**Attracting, developing and retaining a diverse and talented team capable of furthering our strategic imperatives and high-tech transformation is essential to our success**

Our business depends on the efforts, engagement and expertise of our management and non-management employees and contractors, who must be able to operate efficiently and safely based on their responsibilities and the environment in which they are functioning. Demand for highly skilled team members has intensified, as retiring workers, varying levels of immigration, and an increase in remote-work arrangements allowing more global competition have created an even more competitive marketplace. This emphasizes the importance of developing and maintaining a comprehensive and inclusive human resources strategy and employee value proposition to adequately compete for talent and to identify and secure high-performing candidates for a broad range of job functions, roles and responsibilities. In addition, an appropriately skilled and diversified pool of talent (as a result of hiring, insourcing and reskilling) is essential to support evolving business priorities in the context of an ongoing business transformation impacting job nature and skill sets. Our objective to transform from a telco to a techco requires a cultural change and a capacity to evolve, and impacts our recruitment strategy and deployment of resources. Failure to attract and appropriately train, motivate, remunerate or deploy employees on initiatives that further our strategic imperatives and high-tech transformation, or to efficiently replace departing employees, could have an adverse impact on our ability to attract and retain talent and drive performance across the organization. Shortages of skilled labour could negatively affect our ability to implement our strategic priorities, as well as sell our products and services and more generally serve our customers.

Establishing a culture that drives inclusivity, employee engagement, development and progression is essential to attract and retain talent. In addition, employees are typically more engaged at work when their value system aligns with their employer's corporate values. We seek to foster an inclusive, equitable and accessible workplace where team members are valued, respected and supported, reflecting the diversity of the communities we serve and our desire to provide team members with the opportunity to reach their full potential. We further endeavour to establish programs and provide resources to support team members on a wide range of topics, including mental health services and support. However, failure to establish robust programs to further these aspirations could adversely affect our ability to attract and retain team members. Failure to sufficiently address evolving employee expectations related to our culture and value proposition could also adversely affect our ability to attract and retain team members.

As we emerged from the COVID-19 pandemic, we introduced our Bell Workways program to help team members and leaders manage work, family and other commitments by offering a new approach for our workplace that allows flexibility for team members on how and where they work, depending on their new designated role-based work profiles (remote, mobile or full-time office). However, flexible work models require a cultural shift that may impact business activities. Failure to establish an optimal post-pandemic work arrangement conducive to corporate performance and employee preference, and develop new leadership skills necessary in the context of a new hybrid model, could impair our ability to engage, motivate and retain employees, impact productivity, increase the number of employees on disability leave for mental health reasons, and introduce additional operational risks or exacerbate our exposure to existing ones, which could impair our ability to manage our business.

Other examples of people-related risks include the following:

- The increasing technical and operational complexity of our businesses and the high demand in the market for skilled resources in strategic areas create a challenging environment for hiring, retaining and developing such skilled resources
- Failure to establish a complete and effective succession plan, including preparation of internal talent and identification of potential external candidates, where relevant, for senior executive and other key roles, could impair our business until qualified replacements are found
- Ensuring the health and safety of our workforce operating in different environments, including manholes, telephone poles, cell towers, vehicles, foreign news bureaus and war zones, and/or in times of pandemic, requires focus, effective processes and flexibility to avoid injury, illness, service interruption, fines and reputational impact
- Potential deterioration in employee morale and engagement resulting from staff reductions, cost reductions or reorganizations could adversely affect our business and financial results

**Challenges related to collective agreements could adversely affect our business**

Approximately 42% of BCE employees were represented by unions and were covered by collective agreements at December 31, 2023. The positive engagement of members of our team represented by unions is contingent on negotiating collective agreements that deliver competitive labour conditions and uninterrupted service, both of which are critical to achieving our business objectives.

We cannot predict the outcome of collective agreement negotiations. Renewal of collective agreements could result in higher labour costs and be challenging in the context of a declining workload due to transformation, a maturing footprint, improved efficiencies and adverse government or regulatory decisions. If during the bargaining process there were to be project delays and work disruptions, including work stoppages or work slowdowns, this could adversely affect service to our customers and, in turn, our customer relationships and financial performance.

## Operational performance

Our networks | Our products and services | Our financial resources

**Our networks and IT systems are the foundation of high-quality consistent services, which are critical to meeting service expectations**

Our ability to provide high-quality and consistent wireless, wireline and media services to customers in a complex and changing operating environment is crucial for sustained success. It is therefore essential that we continuously refine our operating model in order to accelerate our transition from a telco to a techco, and meet customer expectations of product and service experience at a desired cost structure.

Network capacity demands for content offerings and other bandwidth-intensive applications on our wireline and wireless networks have been growing at unprecedented rates. Unexpected capacity pressures on our networks may negatively affect our network performance and our ability to provide services. Evolving customer behaviour and their use of our networks, products and services have created increased capacity pressure on certain areas of our wireless, wireline and broadcast media networks, and there can be no certainty that our networks will continue to sustain such increased usage. In addition, we may need to incur significant capital expenditures in order to provide additional capacity and reduce network congestion. Network performance and/or reliability may vary depending on the location and the recent trend for families to move from urban centres to less urbanized areas increases the need to develop and/or enhance our networks in areas that were not previously served or that were underserved.

Customers and other stakeholders expect that we deliver reliable service performance, enabled by our networks and other infrastructure, as well as the networks and other infrastructure of third-party providers on which we rely. Issues relating to network availability, speed, consistency and traffic management on our more current as well as our legacy networks could adversely affect our customers, including by preventing the provisioning of critical services, and could have an adverse impact on our business, reputation and financial performance. Furthermore, we may need to manage the possibility of instability in the context of our transformation initiatives, including as we transition towards converged wireline and wireless networks and newer technologies, including software-defined networks leveraging open source software and cloud services. Network failures and slowdowns, whether caused by internal or external forces, human-caused error or threat, or external events, could adversely affect our brand and reputation, subscriber acquisition and retention as well as our financial results. While we invest in the resiliency of our networks and other infrastructure and establish response strategies and business continuity protocols to seek to maintain service consistency, there is no assurance that such investments and protocols will be sufficient to prevent network failure or the failure of other infrastructure, or a disruption in the delivery of our services.

In addition, we currently use a very large number of interconnected internal and third-party operational and business support systems for provisioning, networking, distribution, broadcast management, ordering, billing and accounting, which may hinder our operational efficiency. If we fail to implement, maintain or manage highly effective IT systems supported by an effective governance and operating framework, and implement transformation initiatives to streamline and integrate our processes and systems, this may lead to inconsistent performance and dissatisfied customers, which over time could result in higher churn. It may also limit our cross-sell capabilities across our portfolio of products and services.

Further examples of risks to operational performance that could impact our reputation, business operations and financial performance include the following:

- The current global economic environment as well as geopolitical events may bring about further incremental costs, delays or unavailability of equipment, materials and resources, which may impact our ability to maintain or upgrade our networks in order to accommodate increased network usage and to provide the desired levels of customer service
- Failure to maintain required service delivery amid operational challenges (including those related to targeted cost savings initiatives, flexible work models and the availability of employees with the required skill set) and a transformation of our infrastructure and technology could adversely affect our brand, reputation and financial results
- We may lose sales should we fail to maximize channel efficiencies, which could adversely affect our financial results
- Corporate restructurings, system replacements and upgrades, process redesigns, staff reductions and the integration of business acquisitions may not deliver the benefits contemplated, or be completed when expected, and could adversely impact our ongoing operations
- Failure to streamline our significant IT legacy system portfolio and proactively improve operating performance could adversely affect our business and financial results
- We may experience more service interruptions or outages due to legacy infrastructure. In some cases, vendor support is no longer available or legacy vendor operations have ceased.
- There may be a lack of replacement parts and competent and cost-effective resources to perform the life cycle management and upgrades necessary to maintain the operational status of legacy networks and IT systems
- Climate change increases the probability, frequency, intensity and length of severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis, all of which could impact network availability and performance and drive more repairs of network equipment

**Our operations and business continuity depend on how well we protect, test, maintain, replace and upgrade our networks, IT systems, equipment and other facilities**

Our operations, service performance, reputation, business continuity and strategy depend on how well we and our contracted product and service providers, as well as other telecommunications carriers on which we rely to provide services, protect our or their networks and IT systems, as well as other infrastructure and facilities, from events such as information security attacks, unauthorized access or entry, fire, natural disasters, power loss, building cooling loss, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. Climate change, especially in areas of greater environmental sensitivity, could heighten the occurrence of certain of the above-mentioned risks. We must also manage business continuity issues caused by internal sources, including human error, human-caused threats and inefficiencies. Establishing response strategies and business continuity protocols to maintain service consistency if any disruptive event materializes is critical to the achievement of effective customer service. Any of the above-mentioned events, as well as the failure by us, or by other telecommunications carriers on which we rely to provide services, to adequately complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which is, among other factors, dependent on our or their ability to purchase equipment and services from third-party suppliers, could disrupt our operations (including through disruptions such as network and other infrastructure failures, billing errors or delays in customer service), require significant resources and result in significant remediation costs, which in turn could have an adverse effect on our business and financial performance, or impair our ability to keep existing subscribers or attract new ones.

In addition, the current global economic environment as well as geopolitical events may bring about further incremental costs, delays or unavailability of equipment, materials and resources, which could impact our operations and business continuity strategies.

**Satellites used to provide our satellite TV services are subject to significant operational risks that could have an adverse effect on our business and financial performance**

Pursuant to a set of commercial arrangements between ExpressVu and Telesat Canada (Telesat), we currently have satellites under contract with Telesat. Telesat operates or directs the operation of these satellites, which utilize highly complex technology and operate in the harsh environment of space and are therefore subject to significant operational risks while in orbit. These risks include in-orbit equipment failures, malfunctions and other problems, commonly referred to as anomalies, that could reduce the commercial usefulness of a satellite used to provide our satellite TV services. Acts of war or terrorism, magnetic, electrostatic or solar storms, or space debris or meteoroids could also damage such satellites. Any loss, failure, manufacturing defect, damage or destruction of these satellites, of our terrestrial broadcasting infrastructure or of Telesat's tracking, telemetry and control facilities to operate the satellites could have an adverse effect on our business and financial performance and could result in customers terminating their subscriptions to our satellite TV service.

## Financial management

Our networks | Our products and services | Our financial resources

**If we are unable to raise the capital we need or generate sufficient cash flows from operating activities, we may need to limit our capital expenditures or our investments in new businesses, or try to raise capital by disposing of assets**

Our ability to meet our cash requirements, fund capital expenditures and provide for planned growth depends on having access to adequate sources of capital and on our ability to generate cash flows from operating activities, which is subject to various risks, including those described in this MD&A.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets, the money market, as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available depend largely on prevailing market conditions and the outlook for our business and credit ratings at the time capital is raised.

Risk factors such as capital market disruptions, political, economic and financial market instability in Canada or abroad, government policies, central bank monetary policies, increasing interest rates, changes to bank capitalization or other regulations, reduced bank lending in general or fewer banks as a result of reduced activity or consolidation, could reduce capital available or increase the cost of such capital. In addition, an increased level of debt borrowings could result in lower credit ratings, increased borrowing costs and a reduction in the amount of funding available to us, including through equity offerings. Business acquisitions and our acquisition of wireless spectrum licences could also adversely affect our outlook and credit ratings and have similar adverse consequences. There is no assurance that we will maintain our credit ratings and a ratings downgrade could result in adverse consequences for our funding cost and capacity, and our ability to access the capital markets, money market and/or the bank credit market. In addition, participants in the public capital and bank credit markets have internal policies limiting their ability to invest in, or extend credit to, any single entity or entity group or a particular industry. Finally, with increasing emphasis by the capital markets on ESG performance and reporting, there is a potential for the cost and availability of funding to be increasingly tied to the quality of our ESG practices and related disclosed metrics.

Our bank credit facilities, including credit facilities supporting our commercial paper program, are provided by various financial institutions. While it is our intention to renew certain of such credit facilities from time to time, there are no assurances that these facilities will be renewed on favourable terms or in similar amounts.

Global financial markets have experienced, and could again experience, significant volatility and weakness as a result of market disruptions, including relating to the economy and geopolitical events. The current global economic environment could continue to negatively impact equity and debt capital markets, cause interest rate and currency volatility and movements, and adversely affect our ability to raise financing in the public capital, bank credit and/or commercial paper markets as well as the cost thereof. Additionally, the negative impact of the global economic environment and potential recession, elevated inflation and high interest rates on our customers' financial condition could adversely affect our ability to recover payment of receivables from customers and lead to further increases in bad debts, thereby negatively affecting our revenues and cash flows, as well as our position under our securitized receivables program.

Differences between BCE's actual or anticipated financial results and the published expectations of financial analysts, as well as events affecting our business or operating environment, may contribute to volatility in the market price of BCE's securities. A major decline in the capital markets in general, or an adjustment in the market price or trading volumes of BCE's securities, may negatively affect our ability to raise debt or equity capital, retain senior executives and other key employees, make strategic acquisitions or enter into joint ventures.

If we cannot access the capital we need or generate cash flows to implement our business plan or meet our financial obligations on acceptable terms, we may have to limit our ongoing capital expenditures and our investment in new businesses or try to raise additional capital by selling or otherwise disposing of assets. Any of these could have an adverse effect on our cash flows from operating activities and on our growth prospects.

**We cannot guarantee that dividends will be increased or declared**

Increases in the BCE common share dividend and the declaration of dividends on any of BCE's outstanding shares are subject to the discretion of the BCE Board and, consequently, there can be no guarantee that the dividend on common shares will be increased or that dividends will be declared. Dividend increases and the declaration of dividends by the BCE Board are ultimately dependent on BCE's operations and financial results which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

**The failure to reduce costs, unexpected increases in costs and the failure to optimize capital spending, could adversely affect our ability to achieve our strategic imperatives and financial guidance**

Our objective to lower our cost structure continues to be aggressive with a company-wide focus on cost transformation and reduction, but there is no assurance that we will be successful in reducing costs. Examples of risks to our ability to reduce costs or limit potential cost increases include the following:

- Inflation could continue to result in higher input costs for equipment, products and services, and create increased pressure for wage increases
- Increased costs related to geopolitical events, in particular as they impact our supply chain, could continue for an undetermined period of time
- Increasing or prevailing high interest rates could continue to negatively impact our cost of financing
- Our cost reduction objectives require aggressive negotiations with our suppliers and there can be no assurance that such negotiations will be successful or that replacement products or services provided will not lead to operational issues
- As suppliers continue to shorten software life cycles, the cost of seeking to maintain adequate information security increases
- Achieving timely cost reductions while moving to an IP-based network is dependent on disciplined network decommissioning, which can be delayed by customer contractual commitments, regulatory considerations and other unforeseen obstacles
- Failure to contain growing operational costs related to network sites, network performance and resiliency, footprint expansion, spectrum licences, insurance and content and equipment acquisition could have a negative effect on our financial performance
- In addition to the potential impact from the global economic environment and geopolitical events, fluctuations in energy prices are further partly influenced by government policies to address climate change such as carbon pricing which, combined with growing data demand that increases our energy requirements, could increase our energy costs beyond our current expectations
- Failure to successfully deliver on our contractual commitments, whether due to security events, operational challenges or other reasons, may result in financial penalties and loss of revenues

In addition, as part of our business operations and transformation initiatives, it is essential that we optimize capital spending and ensure appropriate trade-offs in our capital allocation. However, should we fail to adequately assess investment priorities and optimal trade-offs, our business and financial results could be negatively affected.

**We are exposed to various credit, liquidity and market risks**

Our exposure to credit, liquidity and market risks, including equity price, interest rate and currency fluctuations, is discussed in section 6.5, *Financial risk management* of this MD&A and in Note 29 to BCE's 2023 consolidated financial statements.

Our failure to identify and manage our exposure to changes in interest rates, foreign exchange rates, BCE's share price and other market conditions could lead to missed opportunities, increased costs, reduced profit margins, cash flow shortages, inability to complete planned capital expenditures, reputational damage, equity and debt securities devaluations, and challenges in raising capital on market-competitive terms.

**The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation**

As a public company with a range of desirable and valuable products and services and a large number of employees, BCE requires a disciplined program covering governance, exposure identification and assessment, prevention, detection and reporting that considers corruption, misappropriation of assets and intentional manipulation of financial statements by employees and/or external parties. The current global economic environment could further lead to increased fraud activities, which could result in financial loss and brand degradation.

Specific examples relevant to us include:

- Copyright theft and other forms of unauthorized use that undermine the exclusivity of Bell Media's content offerings, which could divert users to unlicensed or otherwise illegitimate platforms, thus impacting our ability to derive distribution and advertising revenues
- Unauthorized individuals taking over someone else's online account without the account owner's permission to gain access to wireless products and goods via various means (social engineering, phishing, smishing, etc.)
- Subscription fraud where fraudsters use their own, a stolen or a synthetic identity to obtain mobile devices and services with no intention to pay
- Network usage fraud such as call/sell operations using our wireline or wireless networks or incidents related to network components such as copper theft
- Ongoing efforts to steal the services of TV distributors, including Bell Canada and ExpressVu, through compromise or circumvention of signal security systems, causing revenue loss

**Income and commodity tax amounts may materially differ from the expected amounts**

Our complex business operations are subject to various tax laws. The adoption of new tax laws, or regulations or rules thereunder, or changes thereto or in the interpretation thereof, could result in higher tax rates, new taxes or other adverse tax implications. In addition, while we believe that we have adequately provided for all income and commodity taxes based on all of the information that is currently available, the calculation of income taxes and the applicability of commodity taxes in many cases require significant judgment in interpreting tax rules and regulations. Our tax filings are subject to government audits that could result in material changes to the amount of current and deferred income tax assets and liabilities and other liabilities and could, in certain circumstances, result in an assessment of interest and penalties.

**A number of factors could impact our financial statements and estimates**

We base our estimates on a number of factors, including but not limited to historical experience, current events, and actions that the company may undertake in the future, as well as other assumptions that we believe are reasonable under the circumstances. A change in these assumptions may have an impact on our financial statements including but not limited to impairment testing, fair value determination, expected credit losses and discount rates used for the present value of cash flows. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ.

**The economic environment, pension rules or ineffective governance could have an adverse effect on our pension obligations, and we may be required to increase contributions to our post-employment benefit plans**

With a large pension plan membership and DB pension plans that are subject to the pressures of the global economic environment and changing regulatory and reporting requirements, our pension obligations are exposed to potential volatility. Failure to recognize and manage economic exposure and pension rule changes, or to ensure that effective governance is in place for the management and funding of pension plan assets and obligations, could have an adverse impact on our liquidity and financial performance.

The funding requirements of our post-employment benefit plans, based on valuations of plan assets and obligations, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, inflation, plan demographics including longevity, and applicable regulations and actuarial standards. Changes in these factors, including changes caused by the current global economic environment and recent geopolitical events, could cause future contributions to significantly differ from our current estimates, require us to increase contributions to our post-employment benefit plans in the future and, therefore, have a negative effect on our liquidity and financial performance.

There is no assurance that the assets of our post-employment benefit plans will earn their assumed rate of return. A substantial portion of our post-employment benefit plans' assets is invested in public and private equity and debt securities. As a result, the ability of our post-employment benefit plans' assets to earn the rate of return that we have assumed depends significantly on the performance of capital markets. Market conditions also impact the discount rate used to calculate our pension plan solvency obligations and could therefore also significantly affect our cash funding requirements.

## Vendor management/supply chain

Our networks | Our customers and relationships | Our products and services | Our environment | Our financial resources

**We depend on third-party suppliers, outsourcers and consultants, some of which are critical, to provide an uninterrupted supply of the products and services we need, as well as comply with various obligations**

We depend on key third-party suppliers and outsourcers, over which we have no operational or financial control, for products and services, some of which are critical to our operations. If there are gaps in our vendor selection, governance or oversight processes established to seek to ensure full risk transparency at point of purchase and throughout the relationship, including any contract renegotiations, there is the potential for a breakdown in supply, which could impact our ability to make sales, service customers and achieve our business and financial objectives. In addition, any such gaps could result in suboptimal management of our vendor base, increased costs and missed opportunities. Ongoing relationships must further be adequately managed in order to address existing and new operational and compliance requirements. Some of our third-party suppliers and outsourcers are located in foreign countries, which increases the potential for a breakdown in supply due to the risks of operating in foreign jurisdictions with different laws, geopolitical environments and cultures, as well as the potential for localized natural disasters. Concerns related to geopolitical events could put pressure on our supply chain and require increased focus on supply chain diversification to support continuity.

We may have to select different third-party suppliers for equipment or other products and services, or different outsourcers, in order to meet evolving internal company policies and guidelines as well as regulatory requirements. Should we decide, or be required by a governmental authority or otherwise, to terminate our relationship with an existing supplier or outsourcer, this would decrease the number of available suppliers or outsourcers and could result in significant increased costs, as well as transitional, support, service, quality or continuity issues; delay our ability to deploy new network and other technologies and offer new products and services; and adversely affect our business and financial results.

The use of third-party suppliers and the outsourcing of services generally involve transfer of risks, and we must take appropriate steps to ensure that our suppliers' and outsourcers' approach to risk management is aligned with our own standards in order to maintain continuity of supply and brand strength. Increased focus on supplier risks in areas of security, data governance, responsible procurement and broader ESG factors requires increased attention given that supplier actions or omissions could have significant impacts on our business, financial results, brand and reputation. Furthermore, cloud-based supplier models have continued to evolve and grow and, while they offer many potential benefits, cloud-based services can also change the level or types of risks. Accordingly, our procurement and vendor management practices must also continue to evolve to fully take into account the potential risks of cloud-based services.

In addition, certain company initiatives rely heavily on professional consulting services provided by third parties, and a failure of such third-party services may not be reasonably evident until their work is delivered or delayed. Difficulties in implementing remedial strategies in respect of professional consulting services provided by third parties that are not performed in a proper or timely fashion could result in an adverse effect on our ability to comply with various obligations, including applicable legal and accounting requirements.

Other examples of risks associated with third-party suppliers and outsourcers include the following:

- We rely upon the successful implementation and execution of business continuity plans by our product and service suppliers. To the extent that such plans do not successfully mitigate the impacts of the current global economic environment, geopolitical events or other events, and our suppliers or vendors experience operational failures or inventory constraints, such failures or constraints could result in, or amplify existing, supply chain disruptions that could adversely affect our business. Incremental costs, delays or unavailability of equipment, materials, products or services, as well as unavailability of our suppliers' or contractors' employees due to strikes, workforce reduction initiatives or other factors, could impact sales and execution of our strategic imperatives and adversely affect our business and financial results.
- The current global economic environment and recent geopolitical events have given rise to inflationary pressures and sharp increases in prices, which could put increased pressure on purchasing costs
- The insolvency of one or more of our suppliers could cause a breakdown in supply and have an adverse effect on our operations, including our ability to make sales or service customers, as well as on our financial results
- Demand for products and services available from only a limited number of suppliers, some of which dominate their global market, may lead to decreased availability, increased costs or delays in the delivery of such products and services, since suppliers may choose to favour global competitors that are larger than we are and, accordingly, purchase a larger volume of products and services. In addition, production issues or geopolitical events affecting any such suppliers, or other suppliers, could result in decreased quantities or a total lack of supply of products or services. Any of these events could adversely impact our ability to meet customer commitments and demand.
- A suboptimal outsourcing model could result in the loss of key corporate knowledge, reduced efficiency and effectiveness, and impede agile delivery of new products or technology
- Cloud-based solutions may increase the risk of security and data leakage exposure if security control protocols and configurations implemented by our cloud-based partners or suppliers, or by us where we retain responsibility for such protocols, are inadequate
- If existing suppliers do not have appropriate alternative cloud-based products or services, our ability to complete desired migrations to the cloud could be limited or delayed
- Failure to maintain strong discipline around vendor administration (especially around initial account setup) may mask potential financial or operational risks and complicate future problem resolutions

- If products and services important to our operations have manufacturing defects or do not comply with applicable government regulations and standards (including product safety practices), our ability to sell products and provide services on a timely basis may be negatively impacted. We work with our suppliers to seek to identify serious product defects (including safety incidents) and develop appropriate remedial strategies, which may include a recall of products. To the extent that a supplier does not actively participate in, and/or bear primary financial responsibility for, a recall of its products, our ability to perform such recall programs at a reasonable cost and/or in a timely fashion may be negatively impacted. Any of the events referred to above could have an adverse effect on our business, reputation and financial results.
- Products (including software) and services supplied to us may contain security issues including, but not limited to, latent security issues that would not be apparent upon an inspection. Should we or a supplier fail to correct a security issue in a timely fashion, there could be an adverse effect on our business, reputation and financial results.
- We rely on other telecommunications carriers from time to time to deliver services. Should these carriers fail to roll out new networks or fail to upgrade existing networks, or should their networks be affected by operational failures or service interruptions, such issues could adversely affect our ability to provide services using such carriers' networks and could, consequently, have an adverse effect on our business, reputation and financial results.
- BCE depends on call centre and technical support services provided by a number of external suppliers and outsourcers, some of which are located in foreign countries. These vendors have access to customer and internal BCE information necessary for the support services that they provide. Information access and service delivery issues that are not managed appropriately may have an adverse impact on our business, reputation, the quality and speed of services provided to customers, or our ability to address technical issues.

## Reputation and ESG practices

Our networks | Our customers and relationships | Our products and services | Our environment | Our people

**Our ability to maintain positive customer relationships is significantly influenced by our reputation**

Many customers' choice to purchase our products and services is directly related to their perception of our company. Accordingly, our ability to maintain positive customer relationships and acquire or retain customers is significantly influenced by our reputation. The company faces many sources of reputational risks, as discussed in this MD&A. Should our perceived or actual outlook, plans, priorities or actions, or those of our employees or suppliers, fail to align with stakeholders' expectations, our reputation could be impacted, which could have an adverse effect on our brand, our ability to retain or attract customers, and more generally on our business, financial condition, liquidity and financial results.

**There is no assurance that we will succeed in meaningfully integrating ESG considerations into our business strategy and operations to generate a positive outcome for stakeholders**

While we seek to understand the evolving ESG environment and identify topics and activities that may expose us to ESG risks, there is no assurance that we will succeed in meaningfully integrating ESG considerations into our business strategy and operations to generate positive outcomes for stakeholders. Good ESG practices are an important measure of corporate performance and value creation. As such, we are increasingly under scrutiny to address ESG matters of importance to our stakeholders. A wide range of ESG topics have progressively become important elements of corporate culture and seeking to embrace them reinforces our value proposition to drive employee attraction and retention. Customers now factor broader considerations into purchase decisions and look for alignment of personal values with corporate behaviour. Investors increasingly link investment decisions to the quality of ESG practices and related disclosed metrics. Moreover, we have directly linked some pricing elements in certain financing agreements to our performance on key ESG targets. Legal and regulatory pressures have further intensified in the ESG sphere, including, without limitation, in the areas of privacy, accessibility, data governance, climate change and diversity. Accordingly, failure to integrate ESG considerations into our governance activities and effectively manage ESG risks and opportunities could harm our brand and reputation, and could lead to negative business, financial, legal and regulatory consequences for the company. Perceived misalignment of our actions with stakeholder expectations could also harm our brand and reputation and lead to further financial and other consequences. Finally, enhanced ESG-related disclosures could increase the company's exposure to claims for misrepresentation in the primary or secondary market.

**Failure to take appropriate actions to adapt to current and emerging environmental impacts, including climate change, could have an adverse effect on our business**

We face risks related to environmental events, including climate-related events, which could impact our operations, service performance, reputation and business continuity, cost of insurance, and more generally have an adverse effect on our business, financial performance and reputation. In particular, climate change poses potential risks to our business, our employees, our customers, our suppliers and outsourcers, and the communities we operate in. Inadequate management of environmental issues associated with our company and our business, as well as our suppliers and other stakeholders, could also adversely affect our business, financial condition, liquidity, financial results and reputation given the implications for the company as well as various stakeholders.

In alignment with the recommendations of the TCFD, we categorize climate-related risks into physical and transition risks:

- Physical risks are associated with the physical impacts from a changing climate and can either be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Global scientific evidence suggests that climate change will increase both the frequency and severity of extreme weather events. This will include such events as flooding, ice storms and wildfires, among others. These could have a destructive impact on our communications network infrastructure and in turn affect our ability to deliver services that are critical to our customers and society. A service disruption due to extreme weather events could lead to financial impacts including an increase in operating costs from maintenance and repairs, labour, heating and cooling, and equipment damage. Our insurance premiums could increase, or we could face reduced insurability in high risk areas. Furthermore, this could jeopardize customer satisfaction and may result in a decrease in revenues. In addition, if average temperatures where we are operating are warmer or cooler year-over-year for longer periods of time, there will be an increasing need for cooling or heating capacity in our facilities. This will increase our energy consumption and associated operational costs. Furthermore, in order to remain resilient to these increasing or decreasing temperatures, we would need to increase our investments in our infrastructure, again leading to increased operational costs.
- Transition risks are associated with a transition to a lower-carbon economy, which may include extensive regulatory, technology and market changes to address mitigation and adaptation requirements related to climate change. These risks may include increased operational costs driven by the rising price of energy due to carbon pricing regulations and the shifting supply and demand for energy, increased operational costs related to e-waste treatment programs and management systems, reputational risks related to our management of climate-related issues as well as to our level of disclosure related to such matters. There is also a reputational risk of not demonstrating our proactive behaviour towards climate change, which could affect customer perception and the cost and availability of funding that has the potential to be increasingly tied to the quality of our ESG practices and related disclosed metrics, all of which could have negative financial outcomes.

Furthermore, climate-related events could also impact our suppliers and outsourcers, which in turn could impact our business. Given that some of our third-party suppliers and outsourcers are located in foreign countries that are more at risk of experiencing weather-related events, localized natural disasters in such countries could further negatively impact our business.

In addition, several areas of our operations raise other environmental considerations, such as fuel storage, GHG emissions and energy consumption reduction, waste management, disposal of hazardous residual materials, recovery and recycling of end-of-life electronic products we sell or lease, and other network associated impacts (e.g., treated wood poles, manhole effluents, lead cables, etc.).

Our team members, customers, investors and governments expect that we regard environmental protection as an integral part of doing business and that we seek to minimize the negative environmental impacts of our operations and create positive impacts where possible. Failure to recognize and adequately respond to their evolving expectations, to take action to reduce our negative impacts on the environment, to achieve our environmental objectives and to effectively report on environmental matters, could result in fines, and could harm our brand, reputation and competitiveness, as well as lead to other negative business, financial, legal and regulatory consequences for the company.

### Pandemics, epidemics and other health risks, including health concerns about radiofrequency emissions from wireless communications devices and equipment, could have an adverse effect on our business

Health concerns related to COVID-19 still give rise to uncertainties, and resurgences in new COVID-19 cases and/or the emergence and progression of new variants could cause governments to reintroduce restrictive measures. Other pandemics, epidemics and health risks could also occur, any of which could adversely affect our ability to maintain operational networks and provide products and services to our customers, as well as the ability of our suppliers to provide us with products and services we need to operate our business. Any such pandemics, epidemics and other health risks could have an adverse effect on the economy and financial markets resulting in a declining level of retail and commercial activity, which could have a negative impact on the demand for, and prices of, our products and services.

Many studies have been performed or are ongoing to assess whether mobile communications devices, such as smartphones, as well as wireless networks and towers pose a potential health risk. While some studies suggest links to certain conditions, others conclude there is no established causation between mobile phone usage and adverse health effects. The International Agency for Research on Cancer (IARC) of the World Health Organization classified radiofrequency electromagnetic fields from wireless phones as possibly carcinogenic to humans, but also indicated that chance, bias or confounding could not be ruled out with reasonable confidence. The IARC also called for additional research into long-term heavy use of mobile phones.

ISED is responsible for approving radiofrequency equipment and performing compliance assessments and has chosen Health Canada's Safety Code 6, which sets the limits for safe exposure to radiofrequency emissions at home or at work, as its exposure standard. This code also outlines safety requirements for the installation and operation of devices that emit radiofrequency fields such as mobile communications devices, Wi-Fi technologies and base station antennas. ISED has made compliance to Safety Code 6 mandatory for all proponents and operators of radio installations.

The following challenges, among others, could result from our business being heavily dependent on radiofrequency technologies:

- We may face lawsuits relating to alleged adverse health effects on customers, as well as relating to our marketing and disclosure practices in connection therewith, and the likely outcome of such potential lawsuits is unpredictable and could change over time
- Changes in scientific evidence and/or public perceptions could lead to additional government regulations and costs for retrofitting infrastructure and handsets to achieve compliance
- Public concerns could result in a slower deployment of, or in our inability to deploy, infrastructure necessary to maintain and/or expand our wireless network as required by market evolution

Any of these events could have an adverse effect on our business and financial performance.

### Various social issues, if not adequately managed, could have an adverse effect on our business

Effective management of social risk is a component of good ESG practices. Inadequate management of social issues associated with our company and our business, as well as our suppliers and other stakeholders, could adversely affect our business, financial condition, liquidity, financial results and reputation. This may include social issues discussed elsewhere in this MD&A such as DEIB, employees' well-being, health and safety, responsible procurement, as well as other social issues such as human rights, including Indigenous peoples' rights, consultation and accommodation, and community acceptance and engagement. Failure to sufficiently address and report on our management of social issues and to achieve our social objectives could harm our brand and reputation, and could lead to negative business, financial, legal and regulatory consequences for the company.

### There can be no assurance that our corporate governance practices will be sufficient to prevent violations of legal and ethical standards

Our employees, officers, Board members, suppliers and other business partners are expected to comply with applicable legal and ethical standards including, without limitation, anti-bribery laws, as well as with our governance policies and contractual obligations. Failure to comply with such laws, policies, standards and contractual obligations could expose us to investigations or litigation and significant fines and penalties, and result in reputational harm or being disqualified from bidding on contracts. While we have developed and implemented corporate governance practices, including through our Code of Business Conduct which is updated regularly and subject to an annual review by our team members, there can be no assurance that such practices and measures will be sufficient to prevent violations of legal and ethical standards. Any such failure or violation could have an adverse effect on our business, financial performance and reputation.

### Various factors could negatively impact our ability to achieve our ESG targets

We have set a number of ambitious ESG targets to monitor our ESG performance and align to our strategic imperatives. However, our ability to achieve these targets depends on many factors and is subject to many risks that could cause our assumptions or estimates to be inaccurate and cause actual results or events to differ materially from those expressed in, or implied by, these targets. Failure to sufficiently address evolving employee, customer, investor and other stakeholder expectations through achievement of our ESG targets could harm our brand, reputation and competitiveness, as well as lead to other negative business, financial, legal and regulatory consequences for the company.

Important risk factors that could affect certain of our key ESG targets are set out below.

#### GHG emissions reduction and supplier engagement targets

The achievement of our carbon neutrality target (which includes only our operational GHG emissions (scope 1 and 2) and excludes scope 3 GHG emissions) will require that we purchase a significant quantity of carbon credits and/or RECs. Should a sufficient quantity of high-quality credible carbon credits and/or RECs be unavailable, should their cost of acquisition be considered too onerous, should laws, regulations, applicable standards, public perception or other factors limit the number of carbon credits or RECs that we can purchase, should any purchased carbon credits be subject to reversal, in whole or in part, or should the carbon offsets not materialize, the achievement of carbon neutrality target could be negatively impacted.

The achievement of our science-based target related to our scope 1 and 2 GHG emissions will require that we purchase a significant quantity of RECs. To achieve this science-based target, only RECs will be considered given that the SBTi standards do not enable carbon credits to be used for this target. Should a sufficient quantity of acceptable (according to the SBTi guidelines) RECs be unavailable, should their cost of acquisition be considered too onerous, or should laws, regulations, applicable standards, public perception or other factors limit the number of RECs that we can purchase, in whole or in part, the achievement of our science-based target related to our scope 1 and 2 GHG emissions could be negatively impacted.

A portion of our GHG emissions reduction targets also depend on our ability to implement sufficient corporate and business initiatives in order to reduce GHG emissions to the desired levels. Failure to implement such initiatives according to planned schedules due to changes in business plans, our inability to implement requisite operational or technological changes, unavailability of capital, technologies, equipment or employees, cost allocations, actual costs exceeding anticipated costs, or other factors, or the failure of such initiatives, including of new technologies, to generate anticipated GHG emissions reductions, could negatively affect our ability to achieve our GHG emissions reduction targets. In addition, future corporate initiatives, such as business acquisitions and organic growth, could negatively affect our ability to achieve our targets, as would the adoption of new technologies that are carbon enablers or do not generate the anticipated energy savings.

A refinement in or modifications to international standards or to the methodology we use for the calculation of GHG emissions that would result in an increase in our GHG emissions could further impact our ability to achieve our targets. In addition, as it relates to our science-based targets specifically, the SBTi requires the recalculation of our targets upon the occurrence of certain events, such as business acquisitions or divestitures, or to conform to evolving SBTi methodology or standards. A recalculation resulting in the introduction of more ambitious targets could challenge our ability to achieve such updated targets.

The achievement of our science-based target relating to the level of our suppliers by spend covering purchased goods and services that have adopted science-based targets could be negatively impacted should we fail to achieve the required level of engagement and collaboration from our suppliers over which we have no control, despite the engagement measures that we may implement, or should we change significantly the allocation of our spend by supplier.

In addition, we have much less influence over the reduction of our scope 3 GHG emissions than over our scope 1 and scope 2 GHG emissions given that we must rely on the engagement and collaboration of our suppliers and other participants in our value chain in reducing their own GHG emissions. Accordingly, failure to obtain our suppliers' and other participants' engagement and collaboration could adversely affect our ability to meet our scope 3 GHG emissions reduction target.

#### DEIB targets

Failure to attract and retain a certain level of diverse talent across the organization could negatively affect our ability to meet our DEIB targets and objectives. In addition, our ability to achieve such targets and objectives could also be challenged by reduced labour market availability or restricted access to a diverse talent pool.

# 10 Accounting policies

**This section discusses key estimates and assumptions that management has made and how they affect the amounts reported in the financial statements and notes. It also describes key changes in accounting standards and our accounting policies, and how they affect our financial statements.**

**We have prepared our consolidated financial statements using IFRS. Other significant accounting policies, not involving the same level of measurement uncertainty as those discussed in this section, are nevertheless important to an understanding of our financial statements. See Note 2, *Material accounting policies*, in BCE's 2023 consolidated financial statements for more information about the accounting principles we used to prepare our consolidated financial statements.**

## Critical accounting estimates and key judgments

When preparing the financial statements, management makes estimates and judgments relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

We base our estimates on a number of factors, including but not limited to historical experience, current events, economic and financial market conditions such as interest rates, inflation and the risk of recession, geopolitical events and supply chain disruptions, and actions that the company may undertake in the future, as well as other assumptions that we believe are reasonable under the circumstances. A change in these assumptions may have an impact on our financial statements including but not limited to impairment testing, fair value determination, expected credit losses and discount rates used for the present value of cash flows. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ. Our more significant estimates and judgments are described below.

We consider the estimates and judgments described in this section to be an important part of understanding our financial statements because they require management to make assumptions about matters that were highly uncertain at the time the estimates and judgments were made, and changes to these estimates and judgments could have a material impact on our financial statements and our segments.

Our senior management has reviewed the development and selection of the critical accounting estimates and judgments described in this section with the Audit Committee of the BCE Board.

Any sensitivity analysis included in this section should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Our more significant estimates and judgments are described below.

### Estimates

#### Useful lives of property, plant and equipment and finite-life intangible assets

We review our estimates of the useful lives of property, plant and equipment and finite-life intangible assets on an annual basis and adjust depreciation or amortization on a prospective basis, as required.

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, climate change and our environmental, social and corporate governance initiatives as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

The estimated useful lives of property, plant and equipment and finite-life intangible assets are determined by internal asset life studies, which take into account actual and expected future usage, physical wear and tear, replacement history and assumptions about technology evolution. When factors indicate that assets' useful lives are different from the prior assessment, we depreciate or amortize the remaining carrying value prospectively over the adjusted estimated useful lives.

#### Post-employment benefit plans

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

Our actuaries perform a valuation at least every three years to determine the actuarial present value of the accrued DB pension plan and OPEB obligations. The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, cost of living indexation rate, trends in healthcare costs and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect post-employment benefit obligations and future net post-employment benefit plans cost.

We account for differences between actual and expected results in benefit obligations and plan performance in OCI, which are then recognized immediately in the deficit.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

A discount rate is used to determine the present value of the future cash flows that we expect will be needed to settle post-employment benefit obligations.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments, with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

A lower discount rate and a higher life expectancy result in a higher net post-employment benefit obligation and a higher current service cost.

### Sensitivity analysis

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

| | | Impact on net post-employment benefit plans cost for 2023 – increase/(decrease) | | Impact on post-employment benefit obligations at December 31, 2023 – increase/(decrease) | |
|---|---|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | (83) | 78 | (1,146) | 1,255 |
| Cost of living indexation rate | 0.5% | 55 | (46) | 1,007 | (822) |
| Life expectancy at age 65 | 1 year | 38 | (39) | 714 | (735) |

## Revenue from contracts with customers

We are required to make estimates that affect the amount of revenue from contracts with customers, including estimating the stand-alone selling prices of products and services.

For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. We generally determine stand-alone selling prices based on the observable prices at which we sell products separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, we use the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

## Impairment of non-financial assets

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed at each reporting period, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model and the discount rate. When impairment charges occur they are recorded in *Impairment of assets*.

During the fourth quarter of 2023, we recognized $86 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to market-based valuation assumptions. These charges included $41 million allocated to indefinite-life intangible assets for broadcast licences and brands, and $45 million to finite-life intangible assets for program and feature film rights. The impairment was determined by comparing the carrying value of the cash generating units (CGUs) to their fair value less cost of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of October 1, 2023 to December 31, 2028, using a discount rate of 9.5% and a perpetuity growth rate of 0.0%. After impairments, the carrying value of our impacted CGU was $62 million.

Additionally in 2023, we recorded impairment charges of $57 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

There was no impairment of Bell Media goodwill.

During the fourth quarter of 2022, we recognized $147 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to assumptions for discount rates. These charges included $94 million allocated to indefinite-life intangible assets for broadcast licences, and $53 million to finite-life intangible assets for program and feature film rights. The impairment was determined by comparing the carrying value of the CGUs to their fair value less cost of disposal. We estimated the fair value of the CGUs using the discounted cash flow valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of October 1, 2022 to December 31, 2027, using a discount rate of 10.3% and a perpetuity growth rate of 0.5%. After impairments, the carrying value of our impacted CGUs was $109 million.

Additionally in 2022, we recorded impairment charges of $132 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

## Goodwill impairment testing

We perform an annual test for goodwill impairment in the fourth quarter for each of our CGUs or groups of CGUs to which goodwill is allocated, and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or group of CGUs to its recoverable amount. The recoverable amount of a CGU or group of CGUs is the higher of its fair value less costs of disposal and its value in use. Both fair value less costs of disposal and value in use are based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans, including any impact from changes in interest rates and inflation. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is recognized in *Impairment of assets* in the income statements for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, our CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3, *Segmented information*, in BCE's 2023 consolidated financial statements.

Any significant change in each of the estimates used could have a material impact on the calculation of the recoverable amount and resulting impairment charge. As a result, we are unable to reasonably quantify the changes in our overall financial performance if we had used different assumptions.

We cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values we have reported.

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amount of the Bell CTS group of CGUs is based would not cause its carrying amount to exceed its recoverable amount.

For the Bell Media group of CGUs, a decrease of (0.3%) in the perpetuity growth rate or an increase of 0.2% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

There were no goodwill impairment charges in 2023 or 2022.

## Deferred taxes

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

## Leases

The application of IFRS 16 requires us to make estimates that affect the measurement of right-of-use assets and liabilities, including determining the appropriate discount rate used to measure lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. Our incremental borrowing rate is derived from publicly available risk-free interest rates, adjusted for applicable credit spreads and lease terms. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics.

## Fair value of financial instruments

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows and earnings multiples.

## Contingencies

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. Pending claims and legal proceedings represent a potential cost to our business. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

If the final resolution of a legal or regulatory matter results in a judgment against us or requires us to pay a large settlement, it could have a material adverse effect on our consolidated financial statements in the period in which the judgment or settlement occurs.

## Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

# Judgments

## Post-employment benefit plans

The determination of the discount rate used to value our post-employment benefit obligations requires judgment. The rate is set by reference to market yields of long-term, high-quality corporate fixed income investments at the beginning of each fiscal year. Significant judgment is required when setting the criteria for fixed income investments to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of investments include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

## Income taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings are also subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgment is used to determine the amounts of deferred tax assets and liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

## Leases

The application of IFRS 16 requires us to make judgments that affect the measurement of right-of-use assets and liabilities. A lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of the contract, we assess whether the contract contains an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset and whether we have the right to direct how and for what purpose the asset is used. In determining the lease term, we include periods covered by renewal options when we are reasonably certain to exercise those options. Similarly, we include periods covered by termination options when we are reasonably certain not to exercise those options. To assess if we are reasonably certain to exercise an option, we consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Economic incentives include the costs related to the termination of the lease, the significance of any leasehold improvements and the importance of the underlying assets to our operations.

## Revenue from contracts with customers

The identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts requires judgment. For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. When our right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, we recognize revenue in the amount to which we have a right to invoice. We recognize product revenues from the sale of wireless handsets and devices and wireline equipment when a customer takes possession of the product. We recognize service revenues over time, as the services are provided. Revenues on certain long-term contracts are recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met.

Additionally, the determination of costs to obtain a contract, including the identification of incremental costs, also requires judgment. Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions, and prepaid contract fulfillment costs are included in *Contract costs* in the statements of financial position, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

## CGUs

The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment.

## Contingencies

The determination of whether a loss is probable from claims and legal proceedings and whether an outflow of resources is likely requires judgment.

We accrue a potential loss if we believe a loss is probable and an outflow of resources is likely and can be reasonably estimated, based on information that is available at the time. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any payment as a result of a judgment or cash settlement would be deducted from cash from operating activities. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies.

# Adoption of amended accounting standards

As required, we adopted the following amendments to accounting standards issued by the IASB.

| Standard | Description | Impact |
|---|---|---|
| **Disclosure of Accounting Policies – Amendments to IAS 1 – Presentation of Financial Statements** | These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies. | These amendments were adopted effective with our annual financial statements for the year ended December 31, 2023 and did not result in any significant changes to our financial statements. |
| **International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 – Income Taxes** | These amendments require that entities apply IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules (Pillar Two). As an exception to the requirements in IAS 12, entities do not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two. | In May 2023, we adopted the amendments to IAS 12 retrospectively. As required, we applied the exception and do not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two.<br>The adoption of these amendments did not have a significant impact on our financial statements. |

# 11 Non-GAAP financial measures, other financial measures and key performance indicators (KPIs)

BCE uses various financial measures to assess its business performance. Certain of these measures are calculated in accordance with IFRS or GAAP while certain other measures do not have a standardized meaning under GAAP. We believe that our GAAP financial measures, read together with adjusted non-GAAP and other financial measures, provide readers with a better understanding of how management assesses BCE's performance.

National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* (NI 52-112), prescribes disclosure requirements that apply to the following specified financial measures:

- Non-GAAP financial measures;
- Non-GAAP ratios;
- Total of segments measures;
- Capital management measures; and
- Supplementary financial measures.

This section provides a description and classification of the specified financial measures contemplated by NI 52-112 that we use to explain our financial results except that, for supplementary financial measures, an explanation of such measures is provided where they are first referred to in this MD&A if the supplementary financial measures' labelling is not sufficiently descriptive.

## 11.1 Non-GAAP financial measures

A non-GAAP financial measure is a financial measure used to depict our historical or expected future financial performance, financial position or cash flow and, with respect to its composition, either excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in BCE's consolidated primary financial statements. We believe that non-GAAP financial measures are reflective of our ongoing operating results and provide readers with an understanding of management's perspective on and analysis of our performance.

Below are descriptions of the non-GAAP financial measures that we use to explain our results as well as reconciliations to the most directly comparable IFRS financial measures.

### Adjusted net earnings

The term adjusted net earnings does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net equity losses (gains) on investments in associates and joint ventures, net losses (gains) on investments, early debt redemption costs, impairment of assets and discontinued operations, net of tax and NCI.

We use adjusted net earnings and we believe that certain investors and analysts use this measure, among other ones, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net equity losses (gains) on investments in associates and joint ventures, net losses (gains) on investments, early debt redemption costs, impairment of assets and discontinued operations, net of tax and NCI. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most directly comparable IFRS financial measure is net earnings attributable to common shareholders.

The following table is a reconciliation of net earnings attributable to common shareholders to adjusted net earnings on a consolidated basis.

| | Q4 2023 | Q4 2022 | 2023 | 2022 |
|---|---|---|---|---|
| Net earnings attributable to common shareholders | **382** | 528 | **2,076** | 2,716 |
| Reconciling items: | | | | |
| Severance, acquisition and other costs | **41** | 19 | **200** | 94 |
| Net mark-to-market (gains) losses on derivatives used to economically hedge equity settled share-based compensation plans | **(6)** | (27) | **103** | 53 |
| Net equity losses on investments in associates and joint ventures | **204** | – | **581** | 42 |
| Net (gains) losses on investments | **(2)** | 29 | **(80)** | (24) |
| Early debt redemption costs | **–** | – | **1** | 18 |
| Impairment of assets | **109** | 150 | **143** | 279 |
| Income taxes for the above reconciling items | **(39)** | (37) | **(100)** | (117) |
| NCI for the above reconciling items | **2** | (8) | **2** | (4) |
| **Adjusted net earnings** | **691** | 654 | **2,926** | 3,057 |

## Adjusted net interest expense

The term adjusted net interest expense does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define adjusted net interest expense as twelve-month trailing net interest expense as shown in our consolidated statements of cash flows, plus 50% of twelve-month trailing net earnings attributable to preferred shareholders as shown in our consolidated income statements.

Adjusted net interest expense is a component in the calculation of the adjusted EBITDA to adjusted net interest expense ratio, which is a capital management measure. For further details on the adjusted EBITDA to adjusted net interest expense ratio, see section 11.4, *Capital management measures*. In 2022 and 2023, we used, and believe that certain investors and analysts used, the adjusted EBITDA to adjusted net interest expense ratio, among other measures, to evaluate the financial health of the company. However, given the correlation between this ratio and the net debt leverage ratio, we are simplifying our internal targets to reflect the net debt leverage ratio only and will not report against adjusted EBITDA to adjusted net interest expense in the future. We believe that this ratio is of less relative importance to our investors, lenders and other stakeholders as a measure of the strength of our capital structure.

The most directly comparable IFRS financial measure is net interest expense. The following table is a reconciliation of net interest expense to adjusted net interest expense on a consolidated basis.

| | 2023 | 2022 |
|---|---|---|
| Net interest expense | **1,408** | 1,124 |
| 50% of net earnings attributable to preferred shareholders | **94** | 76 |
| **Adjusted net interest expense** | **1,502** | 1,200 |

## Available liquidity

The term available liquidity does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define available liquidity as cash, cash equivalents, short-term investments and amounts available under our securitized receivables program and our committed bank credit facilities, excluding credit facilities that are available exclusively for a pre-determined purpose. In Q4 2023, we updated our definition of available liquidity to account for short-term investments as these funds are liquid and can be used to meet our cash requirements. This change does not impact the available liquidity amounts previously presented.

We consider available liquidity to be an important indicator of the financial strength and performance of our businesses because it shows the funds available to meet our cash requirements, including for, but not limited to, capital expenditures, post-employment benefit plans funding, dividend payments, the payment of contractual obligations, maturing debt, ongoing operations, the acquisition of spectrum, and other cash requirements. We believe that certain investors and analysts use available liquidity to evaluate the financial strength and performance of our businesses. The most directly comparable IFRS financial measure is cash.

The following table is a reconciliation of cash to available liquidity on a consolidated basis.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash | **547** | 99 |
| Cash equivalents | **225** | 50 |
| Short-term investments | **1,000** | – |
| Amounts available under our securitized receivables program (1) | **700** | 700 |
| Amounts available under our committed bank credit facilities (2) | **3,303** | 2,651 |
| **Available liquidity** | **5,775** | 3,500 |

(1) *At December 31, 2023 and December 31, 2022, $700 million was available under our securitized receivables program, under which we borrowed $1,200 million in U.S. dollars ($1,588 million in Canadian dollars) and $1,173 million in U.S. dollars ($1,588 million in Canadian dollars) as at December 31, 2023 and December 31, 2022, respectively. Loans secured by receivables are included in* Debt due within one year *in our consolidated financial statements.*

(2) *At December 31, 2023 and December 31, 2022, respectively, $3,303 million and $2,651 million were available under our committed bank credit facilities, given outstanding commercial paper of $149 million in U.S. dollars ($197 million in Canadian dollars) and $627 million in U.S. dollars ($849 million in Canadian dollars) as at December 31, 2023 and December 31, 2022, respectively. Commercial paper outstanding is included in* Debt due within one year *in our consolidated financial statements.*

## Free cash flow and excess free cash flow

The terms free cash flow and excess free cash flow do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define free cash flow as cash flows from operating activities, excluding cash from discontinued operations, acquisition and other costs paid (which include significant litigation costs) and voluntary pension funding, less capital expenditures, preferred share dividends and dividends paid by subsidiaries to NCI. We exclude cash from discontinued operations, acquisition and other costs paid and voluntary pension funding because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

We define excess free cash flow as free cash flow less dividends paid on common shares.

We consider free cash flow and excess free cash flow to be important indicators of the financial strength and performance of our businesses. Free cash flow shows how much cash is available to pay dividends on common shares, repay debt and reinvest in our company. Excess free cash flow shows how much cash is available to repay debt and reinvest in our company, after the payment of dividends on common shares. We believe that certain investors and analysts use free cash flow and excess free cash flow to value a business and its underlying assets and to evaluate the financial strength and performance of our businesses. The most directly comparable IFRS financial measure is cash flows from operating activities.

The following tables provide reconciliations of cash flows from operating activities to free cash flow and excess free cash flow on a consolidated basis.

| | 2023 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|
| Cash flows from operating activities | **7,946** | 2,373 | 1,961 | 2,365 | 1,247 |
| Capital expenditures | **(4,581)** | (1,029) | (1,159) | (1,307) | (1,086) |
| Cash dividends paid on preferred shares | **(182)** | (46) | (35) | (46) | (55) |
| Cash dividends paid by subsidiaries to NCI | **(47)** | (12) | (13) | (1) | (21) |
| Acquisition and other costs paid | **8** | 3 | – | 5 | – |
| **Free cash flow** | **3,144** | 1,289 | 754 | 1,016 | 85 |
| Dividends paid on common shares | **(3,486)** | (882) | (883) | (882) | (839) |
| **Excess free cash flow** | **(342)** | 407 | (129) | 134 | (754) |

| | 2022 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | 2021 |
|---|---|---|---|---|---|---|
| Cash flows from operating activities | **8,365** | 2,056 | 1,996 | 2,597 | 1,716 | 8,008 |
| Capital expenditures | **(5,133)** | (1,638) | (1,317) | (1,219) | (959) | (4,852) |
| Cash dividends paid on preferred shares | **(136)** | (42) | (27) | (34) | (33) | (125) |
| Cash dividends paid by subsidiaries to NCI | **(39)** | (3) | (11) | (14) | (11) | (86) |
| Acquisition and other costs paid | **10** | 3 | 1 | 3 | 3 | 35 |
| **Free cash flow** | **3,067** | 376 | 642 | 1,333 | 716 | 2,980 |
| Dividends paid on common shares | **(3,312)** | (839) | (839) | (839) | (795) | (3,132) |
| **Excess free cash flow** | **(245)** | (463) | (197) | 494 | (79) | (152) |

## Net debt

The term net debt does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define net debt as debt due within one year plus long-term debt and 50% of preferred shares, less cash, cash equivalents and short-term investments, as shown in BCE's consolidated statements of financial position. We include 50% of outstanding preferred shares in our net debt as it is consistent with the treatment by certain credit rating agencies. In Q4 2023, we updated our definition of net debt to account for short-term investments as these funds are liquid and may be used to repay the debt due within one year. This change does not impact the net debt amounts previously presented.

We consider net debt to be an important indicator of the company's financial leverage because it represents the amount of debt that is not covered by available cash, cash equivalents and short-term investments. We believe that certain investors and analysts use net debt to determine a company's financial leverage.

Net debt is calculated using several asset and liability categories from the statements of financial position. The most directly comparable IFRS financial measure is long-term debt. The following table is a reconciliation of long-term debt to net debt on a consolidated basis.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Long-term debt | **31,135** | 27,783 |
| Debt due within one year | **5,042** | 4,137 |
| 50% of preferred shares | **1,834** | 1,935 |
| Cash | **(547)** | (99) |
| Cash equivalents | **(225)** | (50) |
| Short-term investments | **(1,000)** | – |
| **Net debt** | **36,239** | 33,706 |

## 11.2 Non-GAAP ratios

A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage or similar representation and that has a non-GAAP financial measure as one or more of its components.

### Adjusted EPS

The term adjusted EPS does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define adjusted EPS as adjusted net earnings per BCE common share. Adjusted net earnings is a non-GAAP financial measure. For further details on adjusted net earnings, see section 11.1, *Non-GAAP financial measures*.

We use adjusted EPS, and we believe that certain investors and analysts use this measure, among other ones, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net equity losses (gains) on investments in associates and joint ventures, net losses (gains) on investments, early debt redemption costs, impairment of assets and discontinued operations, net of tax and NCI. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

### Dividend payout ratio

The term dividend payout ratio does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define dividend payout ratio as dividends paid on common shares divided by free cash flow. Free cash flow is a non-GAAP financial measure. For further details on free cash flow, see section 11.1, *Non-GAAP financial measures*.

We consider dividend payout ratio to be an important indicator of the financial strength and performance of our businesses because it shows the sustainability of the company's dividend payments.

## 11.3 Total of segments measures

A total of segments measure is a financial measure that is a subtotal or total of 2 or more reportable segments and is disclosed within the Notes to BCE's consolidated primary financial statements.

### Adjusted EBITDA

We define adjusted EBITDA as operating revenues less operating costs as shown in BCE's consolidated income statements.

The most directly comparable IFRS financial measure is net earnings. The following tables provide reconciliations of net earnings to adjusted EBITDA on a consolidated basis.

| | 2023 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|
| Net earnings | **2,327** | 435 | 707 | 397 | 788 |
| Severance, acquisition and other costs | **200** | 41 | 10 | 100 | 49 |
| Depreciation | **3,745** | 954 | 937 | 936 | 918 |
| Amortization | **1,173** | 299 | 295 | 296 | 283 |
| Finance costs | | | | | |
| Interest expense | **1,475** | 399 | 373 | 359 | 344 |
| Net return on post-employment benefit plans | **(108)** | (27) | (27) | (27) | (27) |
| Impairment of assets | **143** | 109 | – | – | 34 |
| Other expense (income) | **466** | 147 | 129 | 311 | (121) |
| Income taxes | **996** | 210 | 243 | 273 | 270 |
| **Adjusted EBITDA** | **10,417** | 2,567 | 2,667 | 2,645 | 2,538 |

| | 2022 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | 2021 |
|---|---|---|---|---|---|---|
| Net earnings | **2,926** | 567 | 771 | 654 | 934 | 2,892 |
| Severance, acquisition and other costs | **94** | 19 | 22 | 40 | 13 | 209 |
| Depreciation | **3,660** | 922 | 914 | 933 | 891 | 3,627 |
| Amortization | **1,063** | 270 | 267 | 266 | 260 | 982 |
| Finance costs | | | | | | |
| Interest expense | **1,146** | 319 | 298 | 269 | 260 | 1,082 |
| Net (return) expense on post-employment benefit plans | **(51)** | (13) | (13) | (7) | (18) | 20 |
| Impairment of assets | **279** | 150 | 21 | 106 | 2 | 197 |
| Other expense (income) | **115** | (19) | 130 | 97 | (93) | (160) |
| Income taxes | **967** | 222 | 178 | 232 | 335 | 1,044 |
| **Adjusted EBITDA** | **10,199** | 2,437 | 2,588 | 2,590 | 2,584 | 9,893 |

## 11.4 Capital management measures

A capital management measure is a financial measure that is intended to enable a reader to evaluate our objectives, policies and processes for managing our capital and is disclosed within the Notes to BCE's consolidated financial statements.

The financial reporting framework used to prepare the financial statements requires disclosure that helps readers assess the company's capital management objectives, policies, and processes, as set out in IFRS in IAS 1 – *Presentation of Financial Statements*. BCE has its own methods for managing capital and liquidity, and IFRS does not prescribe any particular calculation method.

### Adjusted EBITDA to adjusted net interest expense ratio

The adjusted EBITDA to adjusted net interest expense ratio represents adjusted EBITDA divided by adjusted net interest expense. For the purposes of calculating our adjusted EBITDA to adjusted net interest expense ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA. Adjusted net interest expense used in the calculation of the adjusted EBITDA to adjusted net interest expense ratio is a non-GAAP financial measure defined as twelve-month trailing net interest expense as shown in our consolidated statements of cash flows, plus 50% of twelve-month trailing net earnings attributable to preferred shareholders as shown in our consolidated income statements. For further details on adjusted net interest expense, see section 11.1, *Non-GAAP financial measures*.

In 2022 and 2023, we used, and believe that certain investors and analysts used, the adjusted EBITDA to adjusted net interest expense ratio, among other measures, to evaluate the financial health of the company. However, given the correlation between this ratio and the net debt leverage ratio, we are simplifying our internal targets to reflect the net debt leverage ratio only and will not report against adjusted EBITDA to adjusted net interest expense in the future. We believe that this ratio is of less relative importance to our investors, lenders and other stakeholders as a measure of the strength of our capital structure.

### Net debt leverage ratio

The net debt leverage ratio represents net debt divided by adjusted EBITDA. Net debt used in the calculation of the net debt leverage ratio is a non-GAAP financial measure. For further details on net debt, see section 11.1, *Non-GAAP financial measures*. For the purposes of calculating our net debt leverage ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA.

We use, and believe that certain investors and analysts use, the net debt leverage ratio as a measure of financial leverage.

## 11.5 Supplementary financial measures

A supplementary financial measure is a financial measure that is not reported in BCE's consolidated financial statements, and is, or is intended to be, reported periodically to represent historical or expected future financial performance, financial position, or cash flows.

An explanation of such measures is provided where they are first referred to in this MD&A if the supplementary financial measures' labelling is not sufficiently descriptive.

## 11.6 KPIs

In addition to the non-GAAP financial measures and other financial measures described previously, we use the following KPIs to measure the success of our strategic imperatives. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

| KPI | Definition |
|---|---|
| **Adjusted EBITDA margin** | Adjusted EBITDA margin is defined as adjusted EBITDA divided by operating revenues. |
| **ARPU** | Effective Q1 2023, as a result of the segment reporting changes impacting intersegment eliminations, ARPU has been updated and is defined as Bell CTS wireless external services revenues (previously wireless operating service revenues) divided by the average mobile phone subscriber base for the specified period, expressed as a dollar unit per month. |
| **Capital intensity** | Capital intensity is defined as capital expenditures divided by operating revenues. |
| **Churn** | Mobile phone churn is the rate at which existing mobile phone subscribers cancel their services. It is a measure of our ability to retain our customers. Mobile phone churn is calculated by dividing the number of mobile phone deactivations during a given period by the average number of mobile phone subscribers in the base for the specified period and is expressed as a percentage per month. |
| **Subscriber unit** | Mobile phone subscriber unit is comprised of a recurring revenue-generating portable unit (e.g. smartphones and feature phones) on an active service plan, that has access to our wireless networks and includes voice, text and/or data connectivity. We report mobile phone subscriber units in two categories: postpaid and prepaid. Prepaid mobile phone subscriber units are considered active for a period of 90 days following the expiry of the subscriber's prepaid balance.<br>Mobile connected device subscriber unit is comprised of a recurring revenue-generating portable unit (e.g. tablets, wearables, mobile Internet devices and IoT) on an active service plan, that has access to our wireless networks and is intended for limited or no cellular voice capability.<br>Wireline subscriber unit consists of an active revenue-generating unit with access to our services, including retail Internet, satellite TV, IPTV, and/or residential NAS. A subscriber is included in our subscriber base when the service has been installed and is operational at the customer premise and a billing relationship has been established.<br>• Retail Internet, IPTV and satellite TV subscribers have access to stand-alone services, and are primarily represented by a dwelling unit<br>• Retail residential NAS subscribers are based on a line count and are represented by a unique telephone number |

# 12 Effectiveness of internal controls

## Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including BCE's President and CEO and Executive Vice-President and CFO, to allow timely decisions regarding required disclosure.

As at December 31, 2023, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. *Securities Exchange Act of 1934*, as amended, and under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2023.

## Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the U.S. *Securities Exchange Act of 1934*, as amended, and under National Instrument 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO, and effected by the Board, management and other personnel of BCE, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis.

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at December 31, 2023, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2023.

## Changes in internal control over financial reporting

No changes were made in our internal control over financial reporting during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# Reports on internal controls

## Management's report on internal control over financial reporting

The management of BCE Inc. (BCE) is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer and effected by the board of directors, management and other personnel of BCE, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated, under the supervision of and with the participation of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, the effectiveness of our internal control over financial reporting as at December 31, 2023, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that our internal control over financial reporting was effective as at December 31, 2023. There were no material weaknesses that have been identified by BCE's management in internal control over financial reporting as at December 31, 2023.

Our internal control over financial reporting as at December 31, 2023 has been audited by Deloitte LLP, independent registered public accounting firm, who also audited our consolidated financial statements for the year ended December 31, 2023. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2023.

(signed) Mirko Bibic
*President and Chief Executive Officer*

(signed) Curtis Millen
*Executive Vice-President and Chief Financial Officer*

(signed) Thierry Chaumont
*Senior Vice-President, Controller and Tax*

March 7, 2024

# Report of independent registered public accounting firm

To the shareholders and the Board of Directors of BCE Inc.

## Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of BCE Inc. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) the consolidated financial statements as at and for the year ended December 31, 2023, of the Company and our report dated March 7, 2024, expressed an unqualified opinion on those financial statements.

## Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP
Chartered Professional Accountants

Montréal, Canada
March 7, 2024

# Consolidated financial statements

## Table of contents

# Management's responsibility for financial reporting

These financial statements form the basis for all of the financial information that appears in this report.

The financial statements and all of the information in this report are the responsibility of the management of BCE Inc. (BCE) and have been reviewed and approved by the board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities. Deloitte LLP, Independent Registered Public Accounting Firm, have audited the financial statements.

Management has prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present BCE's consolidated financial position, results of operations and cash flows.

Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. This is supported by an internal audit group that reports to the Audit Committee, and includes communication with employees about policies for ethical business conduct. Management believes that the internal controls provide reasonable assurance that our financial records are reliable and form a proper basis for preparing the financial statements, and that our assets are properly accounted for and safeguarded.

The board of directors has appointed an Audit Committee, which is made up of unrelated and independent directors. The Audit Committee's responsibilities include reviewing the financial statements and other information in this report, and recommending them to the board of directors for approval. You will find a description of the Audit Committee's other responsibilities in this report. The internal auditors and the shareholders' auditors have free and independent access to the Audit Committee.

(signed) Mirko Bibic
*President and Chief Executive Officer*

(signed) Curtis Millen
*Executive Vice-President and Chief Financial Officer*

(signed) Thierry Chaumont
*Senior Vice-President, Controller and Tax*

March 7, 2024

# Report of independent registered public accounting firm

To the Shareholders and the Board of Directors of BCE Inc.

## Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of BCE Inc. and subsidiaries (the "Company") as at December 31, 2023 and 2022, the related consolidated income statements, statements of comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2023, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

## Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical audit matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Goodwill and intangible assets – Bell Media group – refer to notes 2N, 8, 19 and 22 to the financial statements

#### Critical Audit Matter Description

Goodwill and indefinite-life intangible assets for the Bell Media group of cash generating units ("Bell Media") are tested annually or when there is an indication that the asset may be impaired. As a result of the annual assessment of impairment of goodwill and intangible assets for Bell Media, management has determined that there is no impairment of goodwill and there is an impairment for intangible assets relating to the French TV channels.

When testing goodwill and intangible assets for Bell Media, while there are several assumptions that are required to determine the recoverable amount, the judgments with the highest degree of subjectivity and impact, are the operating cash flow projections, and the determination of discount rates and perpetuity growth rates ("significant assumptions"). Changes in these significant assumptions could have a significant impact on the recoverable amount of Bell Media, resulting in an impairment charge to goodwill and/or intangible assets as required. Auditing the significant assumptions required a high degree of auditor judgment and an increased extent of audit effort, which included the involvement of fair value specialists.

#### How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the significant assumptions used by management to determine the recoverable amount for Bell Media included the following, among others:

- Evaluated the effectiveness of controls over the assessment of goodwill and intangible assets for impairment, including those over the significant assumptions;
- Evaluated management's ability to accurately project future operating cash flows by comparing actual results to management's historical projections;
- Evaluated the reasonableness of management's operating cash flow projections by comparing the projections to:
  - Historical operating cash flows;
  - Analyst and industry reports for the Company and certain of its peer companies, and other relevant publicly available information;
  - Known changes in Bell Media's operations and the industry in which it operates, and the current economic uncertainty from inflationary pressures, which are expected to impact future operating performance;
  - Internal communications to management and the Board of Directors;
- With the assistance of fair value specialists, evaluated the reasonableness of the (1) discount rates, and (2) perpetuity growth rates by:
  - Testing the source information underlying the determination of the discount rates;
  - Reviewing relevant internal and external information, including analyst and industry reports, to assess the reasonability of the selected discount rates and perpetuity growth rates;
  - Developing ranges of independent estimates and comparing those to the discount rates and perpetuity growth rates selected by management.

/s/ Deloitte LLP
Chartered Professional Accountants

Montréal, Canada
March 7, 2024

We have served as the Company's auditor since 1880.

# Consolidated income statements

| For the year ended December 31<br>(in millions of Canadian dollars, except share amounts) | Note | 2023 | 2022 |
|---|---|---|---|
| Operating revenues | 3 | **24,673** | 24,174 |
| Operating costs | 3, 5 | **(14,256)** | (13,975) |
| Severance, acquisition and other costs | 6 | **(200)** | (94) |
| Depreciation | 17 | **(3,745)** | (3,660) |
| Amortization | 19 | **(1,173)** | (1,063) |
| Finance costs | | | |
| Interest expense | 7 | **(1,475)** | (1,146) |
| Net return on post-employment benefit plans | 27 | **108** | 51 |
| Impairment of assets | 8, 17, 19 | **(143)** | (279) |
| Other expense | 9 | **(466)** | (115) |
| Income taxes | 10 | **(996)** | (967) |
| **Net earnings** | | **2,327** | 2,926 |
| **Net earnings attributable to:** | | | |
| Common shareholders | | **2,076** | 2,716 |
| Preferred shareholders | | **187** | 152 |
| Non-controlling interest | 36 | **64** | 58 |
| **Net earnings** | | **2,327** | 2,926 |
| **Net earnings per common share – basic and diluted** | 11 | **2.28** | 2.98 |
| **Weighted average number of common shares outstanding – basic (millions)** | | **912.2** | 911.5 |

# Consolidated statements of comprehensive income

| For the year ended December 31<br>(in millions of Canadian dollars) | Note | 2023 | 2022 |
|---|---|---|---|
| **Net earnings** | | **2,327** | 2,926 |
| **Other comprehensive (loss) income, net of income taxes** | | | |
| Items that will be subsequently reclassified to net earnings | | | |
| Net change in value of derivatives designated as cash flow hedges, net of income taxes of $93 million and $118 million for 2023 and 2022, respectively | | **(257)** | (321) |
| Items that will not be reclassified to net earnings | | | |
| Actuarial (losses) gains on post-employment benefit plans, net of income taxes of $149 million and ($151) million for 2023 and 2022, respectively | 27 | **(404)** | 415 |
| Net change in value of publicly-traded and privately-held investments, net of income taxes of ($50) million and ($19) million for 2023 and 2022, respectively | | **325** | 30 |
| Net change in value of derivatives designated as cash flow hedges, net of income taxes of $5 million and ($21) million for 2023 and 2022, respectively | | **(12)** | 58 |
| **Other comprehensive (loss) income** | | **(348)** | 182 |
| **Total comprehensive income** | | **1,979** | 3,108 |
| **Total comprehensive income attributable to:** | | | |
| Common shareholders | | **1,731** | 2,891 |
| Preferred shareholders | | **187** | 152 |
| Non-controlling interest | 36 | **61** | 65 |
| **Total comprehensive income** | | **1,979** | 3,108 |

# Consolidated statements of financial position

| (in millions of Canadian dollars) | Note | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | **547** | 99 |
| Cash equivalents | | **225** | 50 |
| Short-term investments | | **1,000** | – |
| Trade and other receivables | 12 | **4,031** | 4,138 |
| Inventory | 13 | **465** | 656 |
| Contract assets | 14 | **443** | 436 |
| Contract costs | 15 | **633** | 540 |
| Prepaid expenses | | **230** | 244 |
| Other current assets | | **264** | 324 |
| Assets held for sale | 16 | **60** | – |
| **Total current assets** | | **7,898** | 6,487 |
| **Non-current assets** | | | |
| Contract assets | 14 | **292** | 288 |
| Contract costs | 15 | **779** | 603 |
| Property, plant and equipment | 17 | **30,352** | 29,256 |
| Intangible assets | 19 | **16,609** | 16,183 |
| Deferred tax assets | 10 | **96** | 84 |
| Investments in associates and joint ventures | 20 | **323** | 608 |
| Post-employment benefit assets | 27 | **2,935** | 3,559 |
| Other non-current assets | 21 | **1,714** | 1,355 |
| Goodwill | 22 | **10,942** | 10,906 |
| **Total non-current assets** | | **64,042** | 62,842 |
| **Total assets** | | **71,940** | 69,329 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables and other liabilities | 23 | **4,729** | 5,221 |
| Contract liabilities | 14 | **811** | 857 |
| Interest payable | | **332** | 281 |
| Dividends payable | | **910** | 867 |
| Current tax liabilities | | **268** | 106 |
| Debt due within one year | 24 | **5,042** | 4,137 |
| Liabilities held for sale | 16 | **15** | – |
| **Total current liabilities** | | **12,107** | 11,469 |
| **Non-current liabilities** | | | |
| Contract liabilities | 14 | **277** | 228 |
| Long-term debt | 25 | **31,135** | 27,783 |
| Deferred tax liabilities | 10 | **4,869** | 4,953 |
| Post-employment benefit obligations | 27 | **1,278** | 1,311 |
| Other non-current liabilities | 28 | **1,717** | 1,070 |
| **Total non-current liabilities** | | **39,276** | 35,345 |
| **Total liabilities** | | **51,383** | 46,814 |
| Commitments and contingencies | 34 | | |
| **EQUITY** | | | |
| **Equity attributable to BCE shareholders** | | | |
| Preferred shares | 30 | **3,667** | 3,870 |
| Common shares | 30 | **20,859** | 20,840 |
| Contributed surplus | 30 | **1,258** | 1,172 |
| Accumulated other comprehensive loss | | **(42)** | (55) |
| Deficit | | **(5,513)** | (3,649) |
| **Total equity attributable to BCE shareholders** | | **20,229** | 22,178 |
| **Non-controlling interest** | 36 | **328** | 337 |
| **Total equity** | | **20,557** | 22,515 |
| **Total liabilities and equity** | | **71,940** | 69,329 |

# Consolidated statements of changes in equity

| For the year ended December 31, 2023 (in millions of Canadian dollars) | Note | Attributable to BCE shareholders: Preferred shares | Common shares | Contributed surplus | Accumulated other comprehensive (loss) income | Deficit | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2022 | | 3,870 | 20,840 | 1,172 | (55) | (3,649) | 22,178 | 337 | 22,515 |
| Net earnings | | – | – | – | – | 2,263 | 2,263 | 64 | 2,327 |
| Other comprehensive income (loss) | | – | – | – | 59 | (404) | (345) | (3) | (348) |
| **Total comprehensive income** | | – | – | – | 59 | 1,859 | 1,918 | 61 | 1,979 |
| Common shares issued under employee stock option plan | 30 | – | 19 | (1) | – | – | 18 | – | 18 |
| Other share-based compensation | 30 | – | – | 24 | – | (23) | 1 | – | 1 |
| Repurchase of preferred shares | 30 | (203) | – | 63 | – | – | (140) | – | (140) |
| Dividends declared on BCE common and preferred shares | | – | – | – | – | (3,717) | (3,717) | – | (3,717) |
| Dividends declared by subsidiaries to non-controlling interest | | – | – | – | – | – | – | (47) | (47) |
| Settlement of cash flow hedges transferred to the cost basis of hedged items | | – | – | – | (29) | – | (29) | – | (29) |
| Disposition of production studios | 4 | – | – | – | – | – | – | (23) | (23) |
| Other | | – | – | – | (17) | 17 | – | – | – |
| **Balance at December 31, 2023** | | 3,667 | 20,859 | 1,258 | (42) | (5,513) | 20,229 | 328 | 20,557 |

| For the year ended December 31, 2022 (in millions of Canadian dollars) | Note | Attributable to BCE shareholders: Preferred shares | Common shares | Contributed surplus | Accumulated other comprehensive income (loss) | Deficit | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2021 | | 4,003 | 20,662 | 1,157 | 213 | (3,400) | 22,635 | 306 | 22,941 |
| Net earnings | | – | – | – | – | 2,868 | 2,868 | 58 | 2,926 |
| Other comprehensive (loss) income | | – | – | – | (238) | 413 | 175 | 7 | 182 |
| **Total comprehensive (loss) income** | | – | – | – | (238) | 3,281 | 3,043 | 65 | 3,108 |
| Common shares issued under employee stock option plan | 30 | – | 177 | (6) | – | – | 171 | – | 171 |
| Other share-based compensation | 30 | – | 1 | 13 | – | (41) | (27) | – | (27) |
| Repurchase of preferred shares | 30 | (133) | – | 8 | – | – | (125) | – | (125) |
| Dividends declared on BCE common and preferred shares | | – | – | – | – | (3,508) | (3,508) | – | (3,508) |
| Dividends declared by subsidiaries to non-controlling interest | | – | – | – | – | – | – | (39) | (39) |
| Settlement of cash flow hedges transferred to the cost basis of hedged items | | – | – | – | (11) | – | (11) | – | (11) |
| Other | | – | – | – | (19) | 19 | – | 5 | 5 |
| **Balance at December 31, 2022** | | 3,870 | 20,840 | 1,172 | (55) | (3,649) | 22,178 | 337 | 22,515 |

# Consolidated statements of cash flows

| For the year ended December 31 (in millions of Canadian dollars) | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net earnings | | **2,327** | 2,926 |
| Adjustments to reconcile net earnings to cash flows from operating activities | | | |
| Severance, acquisition and other costs | 6 | **200** | 94 |
| Depreciation and amortization | 17, 19 | **4,918** | 4,723 |
| Post-employment benefit plans cost | 27 | **98** | 198 |
| Net interest expense | | **1,408** | 1,124 |
| Impairment of assets | 8 | **143** | 279 |
| Gains on investments | 9 | **(80)** | (24) |
| Net equity losses from investments in associates and joint ventures | 9 | **581** | 42 |
| Income taxes | 10 | **996** | 967 |
| Contributions to post-employment benefit plans | 27 | **(52)** | (140) |
| Payments under other post-employment benefit plans | 27 | **(64)** | (64) |
| Severance and other costs paid | | **(178)** | (129) |
| Interest paid | | **(1,486)** | (1,197) |
| Income taxes paid (net of refunds) | | **(700)** | (749) |
| Acquisition and other costs paid | | **(8)** | (10) |
| Change in contract assets | 14 | **(11)** | (59) |
| Change in wireless device financing plan receivables | 12 | **(46)** | 22 |
| Net change in operating assets and liabilities | | **(100)** | 362 |
| **Cash flows from operating activities** | | **7,946** | 8,365 |
| **Cash flows used in investing activities** | | | |
| Capital expenditures | 3 | **(4,581)** | (5,133) |
| Short-term investments | | **(1,000)** | – |
| Business acquisitions | 4 | **(222)** | (429) |
| Business disposition | 4, 9 | **209** | 52 |
| Spectrum licences | 19 | **(183)** | (3) |
| Other investing activities | | **(4)** | (4) |
| **Cash flows used in investing activities** | | **(5,781)** | (5,517) |
| **Cash flow used in financing activities** | | | |
| (Decrease) increase in notes payable | | **(646)** | 111 |
| Increase in securitized receivables | 24 | **–** | 700 |
| Issue of long-term debt | 25 | **5,195** | 1,951 |
| Repayment of long-term debt | 25 | **(1,858)** | (2,023) |
| Repurchase of financial liability | 29 | **(149)** | – |
| Issue of common shares | 30 | **18** | 171 |
| Purchase of shares for settlement of share-based payments | 31 | **(223)** | (255) |
| Repurchase of preferred shares | 30 | **(140)** | (125) |
| Cash dividends paid on common shares | | **(3,486)** | (3,312) |
| Cash dividends paid on preferred shares | | **(182)** | (136) |
| Cash dividends paid by subsidiaries to non-controlling interest | | **(47)** | (39) |
| Other financing activities | | **(24)** | (31) |
| **Cash flow used in financing activities** | | **(1,542)** | (2,988) |
| Net increase (decrease) in cash | | **448** | (190) |
| Cash at beginning of year | | **99** | 289 |
| **Cash at end of year** | | **547** | 99 |
| Net increase in cash equivalents | | **175** | 50 |
| Cash equivalents at beginning of year | | **50** | – |
| **Cash equivalents at end of year** | | **225** | 50 |

# Notes to consolidated financial statements

***We*, *us*, *our*, *BCE* and *the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., Bell Canada, their subsidiaries, joint arrangements and associates.**

## NOTE 1 Corporate information

BCE is incorporated and domiciled in Canada. BCE's head office is located at 1, Carrefour Alexander-Graham-Bell, Verdun, Québec, Canada. BCE is a communications company providing wireless, wireline, Internet and television (TV) services to residential, business and wholesale customers in Canada. Our Bell Media segment provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) advertising services to customers in Canada. The consolidated financial statements (financial statements) were approved by BCE's board of directors on March 7, 2024.

## NOTE 2 Material accounting policies

### A) Basis of presentation

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in our accounting policies.

All amounts are in millions of Canadian dollars, except where noted.

#### Functional currency

The financial statements are presented in Canadian dollars, the company's functional currency.

### B) Basis of consolidation

We consolidate the financial statements of all of our subsidiaries.

The results of subsidiaries acquired during the year are consolidated from the date of acquisition and the results of subsidiaries sold during the year are deconsolidated from the date of disposal. Intercompany transactions, balances, income and expenses are eliminated on consolidation.

### C) Revenue from contracts with customers

Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts we collect on behalf of third parties. We recognize revenue when control of a product or service is transferred to a customer. When our right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, we recognize revenue in the amount to which we have a right to invoice.

For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. We generally determine stand-alone selling prices based on the observable prices at which we sell products separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, we use the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

We may enter into arrangements with subcontractors and others who provide services to our customers. When we act as the principal in these arrangements, we recognize revenues based on the amounts billed to our customers. Otherwise, we recognize the net amount that we retain as revenues.

A contract asset is recognized in the consolidated statements of financial position (statements of financial position) when our right to consideration from the transfer of products or services to a customer is conditional on our obligation to transfer other products or services. Contract assets are transferred to trade receivables when our right to consideration becomes conditional only as to the passage of time. A contract liability is recognized in the statements of financial position when we receive consideration in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions, and prepaid contract fulfillment costs are included in *Contract costs* in the statements of financial position, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

### Bell Communication and Technology Services (Bell CTS) segment revenues

We recognize product revenues from the sale of equipment when a customer takes possession of the product. We recognize service revenues over time, as the services are provided. Revenues on certain long-term contracts are recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met.

For wireless products and services that are sold separately, customers usually pay in full at the time of sale for products and on a monthly basis for services. For wireless products and services sold in bundled arrangements, including device financing plans, customers pay monthly over a contract term of up to 24 months for residential customers and up to 36 months for business customers. If they include a significant financing component, device financing plan receivables are discounted at market rates and interest revenue is accreted over the contractual repayment period.

For wireline customers, products are usually paid in full at the time of sale. Services are paid for on a monthly basis except where a billing schedule has been established with certain business customers under long-term contracts that can generally extend up to seven years.

### Bell Media segment revenues

We recognize advertising revenue when advertisements are aired on the radio or TV, posted on our websites or appear on our advertising panels and street furniture. Revenues relating to subscriber fees are recorded on a monthly basis as the services are provided. Customer payments are due monthly as the services are provided.

See Note 3, *Segmented information*, for additional details.

## D) Share-based payments

Our share-based payment arrangements include an employee savings plan (ESP), restricted share units (RSUs) and performance share units (PSUs), deferred share units (DSUs) and stock options.

### ESP

We recognize our ESP contributions as compensation expense in *Operating costs* in the consolidated income statements (income statements) over the two-year vesting period, with a corresponding credit to contributed surplus. The value of an ESP at the grant date is equal to the value of one BCE common share. Additional ESPs are issued to reflect dividends declared on the common shares. Upon settlement of shares under the ESP, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

### RSUs/PSUs

For each RSU/PSU granted, we recognize compensation expense in *Operating costs* in the income statements over the three-year vesting period, with a corresponding credit to contributed surplus. The value of a RSU/PSU at the grant date is equal to the value of one BCE common share or the value estimated using a Monte Carlo simulation for PSUs that include relative total shareholder return as a performance condition. Additional RSUs/PSUs are issued to reflect dividends declared on the common shares.

Upon settlement of the RSUs/PSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit. Vested RSUs/PSUs are settled in BCE common shares, DSUs, or a combination thereof.

### DSUs

If compensation is elected to be taken in DSUs, we issue DSUs equal to the fair value of the services received, with a corresponding credit to contributed surplus. Additional DSUs are issued to reflect dividends declared on the common shares. DSUs are settled in BCE common shares purchased on the open market following the cessation of employment or when a director leaves the board. Upon settlement of the DSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

### Stock options

The fair value of options granted is determined using a variation of a binomial option pricing model that takes into account factors specific to the stock option plan. We recognize compensation expense in *Operating costs* in the income statements over the three-year vesting period, with a corresponding credit to contributed surplus.

When stock options are exercised, we credit share capital for the amount received and the amounts previously credited to contributed surplus.

## E) Income and other taxes

Current and deferred income tax expense is recognized in the income statements, except to the extent that the expense relates to items recognized in Other comprehensive (loss) income or directly in equity.

We use the liability method to account for deferred tax assets and liabilities, which arise from:

- temporary differences between the carrying amount of assets and liabilities recognized in the statements of financial position and their corresponding tax bases
- the carryforward of unused tax losses and credits, to the extent they can be used in the future

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax liabilities are, where permitted, offset against tax assets within the same taxable entity and tax jurisdiction.

### Investment tax credits (ITCs), other tax credits and government grants

We recognize ITCs, other tax credits and government grants given on eligible expenditures when it is reasonably assured that they will be realized. We use the cost reduction method to account for ITCs and government grants, under which the credits are applied against the expense or asset to which the ITCs or government grants relate.

## F) Cash equivalents and other short-term deposits

Cash equivalents are comprised of highly liquid investments with original maturities of three months or less from the date of purchase and are measured at amortized cost. Short-term deposits with original maturities of more than three months are included in *Short-term investments* in the statements of financial position and are measured at amortized cost.

## G) Securitization of receivables

Proceeds on the securitization of receivables are recognized as a collateralized borrowing as we do not transfer control and substantially all the risks and rewards of ownership to another entity.

## H) Inventory

We measure inventory at the lower of cost and net realizable value. Inventory includes all costs to purchase, convert and bring the inventories to their present location and condition. We determine cost using specific identification for major equipment held for resale and the weighted average cost formula for all other inventory. We maintain inventory valuation reserves for inventory that is slow-moving or potentially obsolete, calculated using an inventory aging analysis.

## I) Property, plant and equipment

We record property, plant and equipment at cost. Cost includes expenditures that are attributable directly to the acquisition or construction of the asset, including the purchase cost and labour.

Borrowing costs are capitalized for qualifying assets if the time to build or develop the asset is in excess of one year, at a rate that is based on the weighted average interest rate on our outstanding long-term debt. Gains or losses on the sale or retirement of property, plant and equipment are recorded in *Other expense* in the income statements.

### Leases

We enter into leases for network infrastructure and equipment, land and buildings in the normal course of business. Lease contracts are typically made for fixed periods but may include purchase, renewal or termination options. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

We adopted IFRS 16 – Leases as of January 1, 2019. Certain finance leases entered into prior to 2019 were initially measured under IAS 17 – Leases, as permitted by the transition provisions of IFRS 16.

#### IFRS 16

We assess whether a contract contains a lease at inception of the contract. A lease contract conveys the right to control the use of an identified asset for a period in exchange for consideration. We recognize lease liabilities with corresponding right-of-use assets for all lease agreements, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. Consideration in a contract is allocated to lease and non-lease components on a relative stand-alone value basis. We generally account for lease components and any associated non-lease components as a single lease component.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics. Lease payments included in the measurement of the lease liability comprise:

- fixed (and in-substance fixed) lease payments, less any lease incentives
- variable lease payments that depend on an index or rate
- payments expected under residual value guarantees and payments relating to purchase options and renewal option periods that are reasonably certain to be exercised (or periods subject to termination options that are not reasonably certain to be exercised)

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Lease liabilities are remeasured, with a corresponding adjustment to the related right-of-use assets, when there is a change in variable lease payments arising from a change in an index or rate, or when we change our assessment of whether purchase, renewal or termination options will be exercised.

Right-of-use assets are measured at cost, and are comprised of the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date and any initial direct costs. They are subsequently depreciated on a straight-line basis and reduced by impairment losses, if any. Right-of-use assets may also be adjusted to reflect the remeasurement of related lease liabilities. If we obtain ownership of the leased asset by the end of the lease term or the cost of the right-of-use asset reflects the exercise of a purchase option, we depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, we depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are expensed in operating costs in the period in which the event or condition that triggers those payments occurs.

### IAS 17

Prior to 2019, under IAS 17, leases of property, plant and equipment were recognized as finance leases when we obtained substantially all the risks and rewards of ownership of the underlying assets. At the inception of the lease, we recorded an asset together with a corresponding long-term lease liability, at the lower of the fair value of the leased asset or the present value of the minimum future lease payments, excluding non-lease components.

### Asset retirement obligations (AROs)

We initially measure and record AROs at management's best estimate using a present value methodology, adjusted subsequently for any changes in the timing or amount of cash flows and changes in discount rates. We capitalize asset retirement costs as part of the related assets and amortize them into earnings over time. We also increase the ARO and record a corresponding amount in interest expense to reflect the passage of time.

## J) Intangible assets

### Finite-life intangible assets

Finite-life intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, if any.

#### Software

We record internal-use software at cost. Cost includes expenditures that are attributable directly to the acquisition or development of the software, including the purchase cost and labour.

Software development costs are capitalized when all the following conditions are met:

- technical feasibility can be demonstrated
- management has the intent and the ability to complete the asset for use or sale
- it is probable that economic benefits will be generated
- costs attributable to the asset can be measured reliably

#### Customer relationships

Customer relationship assets are acquired through business acquisitions and are recorded at fair value at the date of acquisition.

#### Program and feature film rights

We account for program and feature film rights as intangible assets when these assets are acquired for the purpose of distribution through broadcasting, digital media and streaming services. Program and feature film rights, which include producer advances and licence fees paid in advance of receipt of the program or film, are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Programs and feature films under licence agreements are recorded as assets for rights acquired and liabilities for obligations incurred when:

- we receive a broadcast master and the cost is known or reasonably determinable for new program and feature film licences; or
- the licence term commences for licence period extensions or syndicated programs

Related liabilities of programs and feature films are classified as current or non-current, based on the payment terms. Amortization of program and feature film rights is recorded in *Operating costs* in the income statements.

### Indefinite-life intangible assets

Brand assets, mainly comprised of the Bell, Bell Media and Bell MTS brands, and broadcast licences are acquired through business acquisitions and are recorded at fair value at the date of acquisition, less accumulated impairment losses, if any. Wireless spectrum licences are recorded at acquisition cost, including borrowing costs when the time to build or develop the related network is in excess of one year. Borrowing costs are calculated at a rate that is based on the weighted average interest rate on our outstanding long-term debt.

Currently, there are no legal, regulatory, competitive or other factors that limit the useful lives of our indefinite-life intangible assets.

## K) Depreciation and amortization

We depreciate property, plant and equipment and amortize finite-life intangible assets on a straight-line basis over their estimated useful lives. We review our estimates of useful lives on an annual basis and adjust depreciation and amortization on a prospective basis, as required. Land and assets under construction or development are not depreciated.

| | Estimated useful life |
|---|---|
| Property, plant and equipment | |
| Network infrastructure and equipment | 2 to 50 years |
| Buildings | 5 to 50 years |
| Finite-life intangible assets | |
| Software | 2 to 12 years |
| Customer relationships | 2 to 26 years |
| Program and feature film rights | Up to 5 years |

## L) Investments in associates and joint arrangements

Our financial statements incorporate our share of the results of our associates and joint ventures using the equity method of accounting, except when the investment is classified as held for sale. Equity income from investments is recorded in *Other expense* in the income statements.

Investments in associates and joint ventures are recognized initially at cost and adjusted thereafter to include the company's share of income or loss and comprehensive income or loss on an after-tax basis.

Investments are reviewed for impairment at each reporting period and we compare their recoverable amount to their carrying amount when there is an indication of impairment.

We recognize our share of the assets, liabilities, revenues and expenses of joint operations in accordance with the related contractual agreements.

## M) Business acquisitions and goodwill

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business acquisition is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred and recorded in *Severance, acquisition and other costs* in the income statements.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. When we acquire control of a business, any previously-held equity interest is remeasured to fair value and any gain or loss on remeasurement is recognized in *Other expense* in the income statements. The excess of the purchase consideration and any previously-held equity interest over the fair value of identifiable net assets acquired is recorded as *Goodwill* in the statements of financial position. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously-held equity interest, the difference is recognized in *Other expense* in the income statements immediately as a bargain purchase gain.

## N) Impairment of non-financial assets

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed at each reporting period, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

### Goodwill impairment testing

We perform an annual test for goodwill impairment in the fourth quarter for each of our cash-generating units (CGUs) or groups of CGUs to which goodwill is allocated, and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or group of CGUs to its recoverable amount. The recoverable amount of a CGU or group of CGUs is the higher of its fair value less costs of disposal and its value in use. Both fair value less costs of disposal and value in use are based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans, including any impact from changes in interest rates and inflation. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is recognized in the income statements for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, our CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3, *Segmented information*.

## O) Financial instruments and contract assets

We measure trade and other receivables, including wireless device financing plan receivables, at amortized cost using the effective interest method, net of any allowance for doubtful accounts.

Our portfolio investments in equity securities are classified as fair value through other comprehensive income and are presented in our statements of financial position as *Other non-current assets*. These securities are recorded at fair value on the date of acquisition, including related transaction costs, and are adjusted to fair value at each reporting date. The corresponding unrealized gains and losses are recorded in *Other comprehensive (loss) income* in the consolidated statements of comprehensive income (statements of comprehensive income) and are reclassified from *Accumulated other comprehensive loss* to the deficit in the statements of financial position when realized.

Other financial liabilities, which include trade payables and accruals, compensation payable, obligations imposed by the Canadian Radio-television and Telecommunications Commission (CRTC), interest payable and long-term debt, are recorded at amortized cost using the effective interest method.

We measure the allowance for doubtful accounts and impairment of contract assets based on an expected credit loss (ECL) model, which takes into account current economic conditions, historical information, and forward-looking information, including higher interest rates and inflation. We use the simplified approach for measuring losses based on the lifetime ECL for trade and other receivables and contract assets.

Amounts considered uncollectible are written off and recognized in *Operating costs* in the income statements.

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. The cost of issuing equity is reflected in the consolidated statements of changes in equity as a charge to the deficit.

## P) Derivative financial instruments

We use derivative financial instruments principally to manage risks related to changes in interest rates and foreign currency rates and cash flow exposures related to share-based payment plans, capital expenditures, long-term debt instruments and operating expenses. We do not use derivative financial instruments for speculative or trading purposes.

Derivatives that mature within one year are included in *Other current assets* or *Trade payables and other liabilities* in the statements of financial position, whereas derivatives that have a maturity of more than one year are included in *Other non-current assets* or *Other non-current liabilities*.

### Hedge accounting

#### Fair value hedges

We use cross currency interest rate swaps to manage foreign currency and interest rate risk on certain U.S. dollar long-term debt. We use interest rate swaps to manage the interest rate risk on certain Canadian dollar long-term debt. Changes in the fair value of these derivatives and the related debt are recognized in *Other expense* in the income statements and offset each other, except for any ineffective portion of the hedging relationship.

#### Cash flow hedges

We use foreign currency forward contracts and options to manage foreign currency risk relating to anticipated purchases denominated in foreign currencies. Changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for any ineffective portion of the hedging relationship, which is recognized in *Other expense* in the income statements. Realized gains and losses in accumulated other comprehensive loss are reclassified to the income statements or to the initial cost of the related non-financial asset in the same periods as the corresponding hedged transactions are recognized.

We use foreign currency forward contracts to manage foreign currency risk relating to our U.S. dollar debt under our commercial paper program, securitization of receivables program and committed credit facilities. Changes in the fair value of these derivatives are recognized in *Other expense* in the income statements and offset the foreign currency translation adjustment on the related debt, except for any portion of the hedging relationship which is ineffective.

We use cross currency interest rate swaps to manage foreign currency and interest rate risk related to certain U.S. dollar long-term debt. We also use interest rate swaps, including forward starting interest rate swaps, to manage the interest rate risk related to certain Canadian dollar long-term debt. Changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for amounts recorded in *Other expense* in the income statements to offset the foreign currency translation adjustment on the related debt and any portion of the hedging relationship which is ineffective.

We use forward starting interest rate swaps to manage interest rate risk related to certain future debt issuances. Changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for any ineffective portion of the hedging relationship, which is recognized in *Other expense* in the income statements. Realized gains and losses in accumulated other comprehensive loss are reclassified to *Interest expense* in the income statements over the term of the related debt.

### Derivatives used as economic hedges

We use derivatives to manage cash flow exposures related to our equity settled share-based payment plans and anticipated purchases in foreign currencies, interest rate risk related to preferred share dividend rate resets and interest rate risk related to existing and anticipated debt issuances. As these derivatives do not qualify for hedge accounting, the changes in their fair value are recorded in the income statements in *Other expense*.

## Q) Post-employment benefit plans

### Defined benefit (DB) and other post-employment benefit (OPEB) plans

We maintain DB pension plans that provide pension benefits for certain employees and retirees. Benefits are based on the employee's length of service and average rate of pay during the highest paid consecutive five years of service. Most employees are not required to contribute to the plans. Certain plans provide cost of living adjustments to help protect the income of retired employees against inflation.

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections, future service and life expectancy.

We provide OPEBs to some of our employees, including:

- health care and life insurance benefits during retirement, which have been phased out for new retirees since December 31, 2016. Most of these OPEB plans are unfunded and benefits are paid when incurred.
- other benefits, including workers' compensation and medical benefits to former or inactive employees, their beneficiaries and dependants, from the time their employment ends until their retirement starts, under certain circumstances

We accrue our obligations and related costs under post-employment benefit plans, net of the fair value of the benefit plan assets. Pension and OPEB costs are determined using:

- the projected unit credit method, prorated on years of service, which takes into account future pay levels
- a discount rate based on market interest rates of high-quality corporate fixed income investments with maturities that match the timing of benefits expected to be paid under the plans
- management's best estimate of pay increases, retirement ages of employees, expected healthcare costs and life expectancy

We value post-employment benefit plan assets at fair value using current market values.

Post-employment benefit plans current service cost is included in *Operating costs* in the income statements. Interest on our post-employment benefit plan assets and obligations is recognized in *Finance costs* in the income statements and represents the accretion of interest on the assets and obligations under our post-employment benefit plans. The interest rate is based on market conditions that existed at the beginning of the year. Actuarial gains and losses for all post-employment benefit plans are recorded in *Other comprehensive (loss) income* in the statements of comprehensive income in the period in which they occur and are recognized immediately in the deficit.

December 31 is the measurement date for our significant post-employment benefit plans. Our actuaries perform a valuation based on management's assumptions at least every three years to determine the actuarial present value of the accrued DB pension plans and OPEB obligations. The most recent actuarial valuation of our significant pension plans was as at December 31, 2022.

### Defined contribution (DC) pension plans

We maintain DC pension plans that provide certain employees with benefits. Under these plans, we are responsible for contributing a predetermined amount to an employee's retirement savings, based on a percentage of the employee's salary.

We recognize a post-employment benefit plans service cost for DC pension plans when the employee provides service to the company, essentially coinciding with our cash contributions.

When eligible, new employees can only participate in the DC pension plans.

## R) Provisions

Provisions are recognized when all the following conditions are met:

- the company has a present legal or constructive obligation based on past events
- it is probable that an outflow of economic resources will be required to settle the obligation
- the amount can be reasonably estimated

Provisions are measured at the present value of the estimated expenditures expected to settle the obligation, if the effect of the time value of money is material. The present value is determined using current market assessments of the discount rate and risks specific to the obligation. The obligation increases as a result of the passage of time, resulting in interest expense which is recognized in *Finance costs* in the income statements.

## S) Estimates and key judgments

When preparing the financial statements, management makes estimates and judgments relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

We base our estimates on a number of factors, including but not limited to historical experience, current events, economic and financial market conditions such as interest rates, inflation and the risk of recession, geopolitical events and supply chain disruptions, and actions that the company may undertake in the future, as well as other assumptions that we believe are reasonable under the circumstances. A change in these assumptions may have an impact on our financial statements including but not limited to impairment testing, fair value determination, expected credit losses and discount rates used for the present value of cash flows. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ. Our more significant estimates and judgments are described below.

### Estimates

#### Useful lives of property, plant and equipment and finite-life intangible assets

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, climate change and our environmental, social and corporate governance initiatives as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

#### Post-employment benefit plans

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, cost of living indexation rate, trends in healthcare costs and expected average remaining years of service of employees.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments, with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

### Revenue from contracts with customers

We are required to make estimates that affect the amount of revenue from contracts with customers, including estimating the stand-alone selling prices of products and services.

### Impairment of non-financial assets

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model and the discount rate.

### Deferred taxes

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

### Leases

The application of IFRS 16 requires us to make estimates that affect the measurement of right-of-use assets and liabilities, including determining the appropriate discount rate used to measure lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. Our incremental borrowing rate is derived from publicly available risk-free interest rates, adjusted for applicable credit spreads and lease terms. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics.

### Fair value of financial instruments

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows and earnings multiples.

### Contingencies

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. Pending claims and legal proceedings represent a potential cost to our business. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

### Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

## Judgments

### Post-employment benefit plans

The determination of the discount rate used to value our post-employment benefit obligations requires judgment. The rate is set by reference to market yields of long-term, high-quality corporate fixed income investments at the beginning of each fiscal year. Significant judgment is required when setting the criteria for fixed income investments to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of investments include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

### Income taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings are also subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities.

Management judgment is used to determine the amounts of deferred tax assets and liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

### Leases

The application of IFRS 16 requires us to make judgments that affect the measurement of right-of-use assets and liabilities. A lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of the contract, we assess whether the contract contains an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset and whether we have the right to direct how and for what purpose the asset is used. In determining the lease term, we include periods covered by renewal options when we are reasonably certain to exercise those options. Similarly, we include periods covered by termination options when we are reasonably certain not to exercise those options. To assess if we are reasonably certain to exercise an option, we consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Economic incentives include the costs related to the termination of the lease, the significance of any leasehold improvements and the importance of the underlying assets to our operations.

### Revenue from contracts with customers

The identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts requires judgment. Additionally, the determination of costs to obtain a contract, including the identification of incremental costs, also requires judgment.

### CGUs

The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment.

### Contingencies

The determination of whether a loss is probable from claims and legal proceedings and whether an outflow of resources is likely requires judgment.

## T) Adoption of amended accounting standards

As required, we adopted the following amendments to accounting standards issued by the IASB.

| Standard | Description | Impact |
|---|---|---|
| **Disclosure of Accounting Policies – Amendments to IAS 1 – Presentation of Financial Statements** | These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies. | These amendments were adopted effective with our annual financial statements for the year ended December 31, 2023 and did not result in any significant changes to our financial statements. |
| **International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 – Income Taxes** | These amendments require that entities apply IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules (Pillar Two). As an exception to the requirements in IAS 12, entities do not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two. | In May 2023, we adopted the amendments to IAS 12 retrospectively. As required, we applied the exception and do not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two.<br>The adoption of these amendments did not have a significant impact on our financial statements. |

## NOTE 3 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Material accounting policies*. Our segments reflect how we manage our business and how we classify our operations for planning and measuring performance. Accordingly, we operate and manage our segments as strategic business units organized by products and services. Segments negotiate sales with each other as if they were unrelated parties.

We measure the performance of each segment based on adjusted EBITDA, which is equal to operating revenues less operating costs for the segment. Substantially all of our severance, acquisition and other costs, depreciation and amortization, finance costs and other (expense) income are managed on a corporate basis and, accordingly, are not reflected in segment results.

Substantially all of our operations and assets are located in Canada.

In 2022, we began modifying our internal and external reporting processes to align with organizational changes that were made to reflect an increasing strategic focus on multiproduct sales, the continually increasing technological convergence of our wireless and wireline telecommunications infrastructure and operations driven by the deployment of our Fifth Generation (5G) and fibre networks, and our digital transformation. These factors have made it increasingly difficult to distinguish between our wireless and wireline operations and resulted in changes in Q1 2023 to the financial information that is regularly provided to our chief operating decision maker to measure performance and allocate resources.

Effective with our Q1 2023 results, our previous Bell Wireless and Bell Wireline operating segments were combined to form a single reporting segment called Bell CTS. Bell Media remains a distinct reportable segment and is unaffected. Our results are therefore reported in two segments: Bell CTS and Bell Media. As a result of our reporting changes, prior periods have been restated for comparative purposes.

Our Bell CTS segment provides a wide range of communication products and services to consumers, businesses and government customers across Canada. Wireless products and services include mobile data and voice plans and devices and are available nationally. Wireline products and services comprise data (including Internet access, Internet protocol television (IPTV), cloud-based services and business solutions), voice, and other communication services and products, which are available to our residential, small and medium-sized business and large enterprise customers primarily in Ontario, Québec, the Atlantic provinces and Manitoba, while satellite TV service and connectivity to business customers are available nationally across Canada. In addition, this segment includes our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers, as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Subsequent to year end, Bell Canada announced a strategic partnership with Best Buy Canada to operate 165 The Source consumer electronics retail stores in Canada, which will be rebranded as Best Buy Express and offer the latest in consumer electronics from Best Buy along with exclusive telecommunications services from Bell. In addition, Bell will wind down The Source head office and back office operations, as well as close 107 The Source stores.

Our Bell Media segment provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and OOH and advanced advertising services to customers nationally across Canada.

# Segmented information

| For the year ended December 31, 2023 | Note | Bell CTS | Bell Media | Inter-segment eliminations | BCE |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| External service revenues | | 18,378 | 2,776 | – | 21,154 |
| Inter-segment service revenues | | 29 | 341 | (370) | – |
| **Operating service revenues** | | 18,407 | 3,117 | (370) | 21,154 |
| **External/Operating product revenues** | | 3,519 | – | – | 3,519 |
| Total external revenues | | 21,897 | 2,776 | – | 24,673 |
| Total inter-segment revenues | | 29 | 341 | (370) | – |
| **Total operating revenues** | | 21,926 | 3,117 | (370) | 24,673 |
| Operating costs | 5 | (12,206) | (2,420) | 370 | (14,256) |
| **Adjusted EBITDA** (1) | | 9,720 | 697 | – | 10,417 |
| Severance, acquisition and other costs | 6 | | | | (200) |
| Depreciation and amortization | 17, 19 | | | | (4,918) |
| Finance costs | | | | | |
| Interest expense | 7 | | | | (1,475) |
| Net return on post-employment benefit plans | 27 | | | | 108 |
| Impairment of assets | 8 | | | | (143) |
| Other expense | 9 | | | | (466) |
| Income taxes | 10 | | | | (996) |
| **Net earnings** | | | | | 2,327 |
| Goodwill | 22 | 8,099 | 2,843 | – | 10,942 |
| Indefinite-life intangible assets | 19 | 8,052 | 1,763 | – | 9,815 |
| Capital expenditures | | 4,421 | 160 | – | 4,581 |

(1) *The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

| For the year ended December 31, 2022 | Note | Bell CTS | Bell Media | Inter-segment eliminations | BCE |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| External service revenues | | 18,052 | 2,904 | – | 20,956 |
| Inter-segment service revenues | | 31 | 350 | (381) | – |
| **Operating service revenues** | | 18,083 | 3,254 | (381) | 20,956 |
| **External/Operating product revenues** | | 3,218 | – | – | 3,218 |
| Total external revenues | | 21,270 | 2,904 | – | 24,174 |
| Total inter-segment revenues | | 31 | 350 | (381) | – |
| **Total operating revenues** | | 21,301 | 3,254 | (381) | 24,174 |
| Operating costs | 5 | (11,847) | (2,509) | 381 | (13,975) |
| **Adjusted EBITDA** (1) | | 9,454 | 745 | – | 10,199 |
| Severance, acquisition and other costs | 6 | | | | (94) |
| Depreciation and amortization | 17, 19 | | | | (4,723) |
| Finance costs | | | | | |
| Interest expense | 7 | | | | (1,146) |
| Net return on post-employment benefit plans | 27 | | | | 51 |
| Impairment of assets | 8 | | | | (279) |
| Other expense | 9 | | | | (115) |
| Income taxes | 10 | | | | (967) |
| **Net earnings** | | | | | 2,926 |
| Goodwill | 22 | 7,960 | 2,946 | – | 10,906 |
| Indefinite-life intangible assets | 19 | 7,980 | 1,846 | – | 9,826 |
| Capital expenditures | | 4,971 | 162 | – | 5,133 |

(1) *The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

## Revenues by services and products

The following table presents our revenues disaggregated by type of services and products.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| **Services** (1) | | |
| Wireless | **7,120** | 6,821 |
| Wireline data | **8,084** | 7,920 |
| Wireline voice | **2,862** | 3,002 |
| Media | **2,776** | 2,904 |
| Other wireline services | **312** | 309 |
| **Total services** | **21,154** | 20,956 |
| **Products** (2) | | |
| Wireless | **2,885** | 2,714 |
| Wireline | **634** | 504 |
| **Total products** | **3,519** | 3,218 |
| **Total operating revenues** | **24,673** | 24,174 |

(1) *Our service revenues are generally recognized over time.*
(2) *Our product revenues are generally recognized at a point in time.*

# NOTE 4 Business acquisitions and disposition

## 2023

### Acquisition of FX Innovation

On June 1, 2023, Bell acquired FX Innovation, a Montréal-based provider of cloud-focused managed and professional services and workflow automation solutions for business clients, for cash consideration of $157 million ($156 million net of cash acquired), of which $12 million is payable within two years, and an estimated $6 million of additional cash consideration contingent on the achievement of certain performance objectives. This contingent consideration is expected to be settled by 2027 and the maximum amount payable is $7 million. Contingent consideration is estimated to be nil at December 31, 2023. The acquisition of FX Innovation aims to position Bell as a technology services leader for our enterprise customers. The results of FX Innovation are included in our Bell CTS segment.

The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

| | 2023 |
|---|---|
| Cash consideration paid | **145** |
| Cash consideration payable | **12** |
| Contingent consideration | **6** |
| **Total cost to be allocated** | **163** |
| Trade and other receivables | **23** |
| Other non-cash working capital | **4** |
| Indefinite-life intangible assets (1) | **29** |
| Finite-life intangible assets (2) | **23** |
| Other non-current assets | **4** |
| Trade payables and other liabilities | **(15)** |
| Contract liabilities | **(3)** |
| Debt due within one year | **(5)** |
| Deferred tax liabilities | **(13)** |
| | **47** |
| Cash and cash equivalents | **1** |
| **Fair value of net assets acquired** | **48** |
| **Goodwill** (3) | **115** |

(1) *Consists of brand assets.*
(2) *Consists mainly of customer relationship assets and software.*
(3) *Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill was allocated to our Bell CTS group of CGUs.*

Operating revenues of $50 million from FX Innovation are included in the income statements for the year ended December 31, 2023, from the date of acquisition. BCE's consolidated operating revenues for the year ended December 31, 2023 would have been $24,715 million had the acquisition of FX Innovation occurred on January 1, 2023. This proforma amount reflects the elimination of intercompany transactions and the purchase price allocation. The transaction did not have a significant impact on our net earnings for 2023.

## Disposition of production studios

On May 3, 2023, we completed the sale of our 63% ownership in certain production studios, which were included in our Bell Media segment. We received net cash proceeds of $211 million and recorded a gain on investment of $79 million (before tax expense of $17 million). See Note 9, *Other expense*, for additional details.

The results of operations of the production studios up to the date of disposition on May 3, 2023 did not have a significant impact on our revenue or net earnings for 2023.

The following table summarizes the carrying value of the assets and liabilities sold:

| | 2023 |
|---|---|
| Trade and other receivables | **1** |
| Prepaid expenses | **1** |
| Property, plant and equipment | **179** |
| Intangible assets | **4** |
| Goodwill | **76** |
| **Total assets** | **261** |
| Trade payables and other liabilities | **10** |
| Contract liabilities | **3** |
| Debt due within one year | **11** |
| Long-term debt | **82** |
| Deferred tax liabilities | **3** |
| **Total liabilities** | **109** |
| **Non-controlling interest** | **23** |
| **Net assets sold** | **129** |

# 2022

## Acquisition of Distributel Communications Limited (Distributel)

On December 1, 2022, Bell acquired Distributel, a national independent communications provider offering a wide range of consumer, business and wholesale communications services, for cash consideration of $303 million ($282 million net of cash acquired) and $39 million of estimated additional cash consideration contingent on the achievement of certain performance objectives. This contingent consideration was expected to be settled by 2026 and the maximum contingent consideration payable was $65 million. Contingent consideration is estimated to be $49 million at December 31, 2023 of which $19 million was paid in 2023. The remaining $30 million is expected to be paid in 2024. The acquisition of Distributel is expected to support Bell's strategy to grow residential and business customers. The results of Distributel are included in our Bell CTS segment.

The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

| | 2022 |
|---|---|
| Cash consideration | 303 |
| Contingent consideration | 39 |
| **Total cost to be allocated** | 342 |
| Trade and other receivables | 7 |
| Other non-cash working capital | 7 |
| Property, plant and equipment | 29 |
| Indefinite-life intangible assets (1) | 70 |
| Finite-life intangible assets (2) | 68 |
| Deferred tax assets | 7 |
| Other long-term assets | 2 |
| Trade payables and other liabilities | (29) |
| Contract liabilities | (3) |
| Deferred tax liabilities | (39) |
| Other long-term liabilities | (6) |
| | 113 |
| Cash and cash equivalents | 21 |
| **Fair value of net assets acquired** | 134 |
| **Goodwill** (3) | 208 |

(1) *Consists mainly of brand and digital assets.*

(2) *Consists mainly of customer relationship assets.*

(3) *Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill was allocated to our Bell CTS group of CGUs.*

Operating revenues of $14 million from Distributel are included in the income statements for the year ended December 31, 2022, from the date of acquisition. BCE's consolidated operating revenues for the year ended December 31, 2022 would have been $24,309 million had the acquisition of Distributel occurred on January 1, 2022. This proforma amount reflects the elimination of intercompany transactions and the purchase price allocation. The transaction did not have a significant impact on our net earnings for 2022.

## Acquisition of EBOX and other related companies

In February 2022, Bell acquired EBOX and other related companies, which provide Internet, telephone and TV services to consumers and businesses in Québec and parts of Ontario, for cash consideration of $153 million ($139 million net of cash acquired). The acquisition of EBOX and other related companies is expected to accelerate growth in Bell's residential and small business customers. The results of the acquired companies are included in our Bell CTS segment.

The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

| | 2022 |
|---|---|
| Cash consideration | 153 |
| **Total cost to be allocated** | 153 |
| Other non-cash working capital | 5 |
| Property, plant and equipment | 5 |
| Indefinite-life intangible assets [1] | 17 |
| Finite-life intangible and other assets [2] | 15 |
| Trade payables and other liabilities | (17) |
| Contract liabilities | (5) |
| Deferred tax liabilities | (9) |
| | 11 |
| Cash and cash equivalents | 14 |
| **Fair value of net assets acquired** | 25 |
| **Goodwill** [3] | 128 |

(1) *Consists of brand and digital assets.*
(2) *Consists mainly of customer relationship assets.*
(3) *Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill was allocated to our Bell CTS group of CGUs.*

Operating revenues of $41 million from EBOX and other related parties are included in the income statements for the year ended December 31, 2022, from the date of acquisition. The transaction did not have a significant impact on net earnings for 2022.

# NOTE 5 Operating costs

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Labour costs | | | |
| Wages, salaries and related taxes and benefits | | **(4,354)** | (4,250) |
| Post-employment benefit plans service cost (net of capitalized amounts) | 27 | **(206)** | (249) |
| Other labour costs [1] | | **(1,063)** | (1,054) |
| Less: | | | |
| Capitalized labour | | **1,217** | 1,136 |
| **Total labour costs** | | **(4,406)** | (4,417) |
| Cost of revenues [2] | | **(7,926)** | (7,641) |
| Other operating costs [3] | | **(1,924)** | (1,917) |
| **Total operating costs** | | **(14,256)** | (13,975) |

(1) *Other labour costs include contractor and outsourcing costs.*
(2) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(3) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, information technology costs, professional service fees and rent.*

Research and development expenses of $90 million and $57 million are included in operating costs for 2023 and 2022, respectively.

# NOTE 6 Severance, acquisition and other costs

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Severance | **(134)** | (83) |
| Acquisition and other | **(66)** | (11) |
| **Total severance, acquisition and other costs** | **(200)** | (94) |

## Severance costs

Severance costs consist of charges related to involuntary and voluntary employee terminations.

## Acquisition and other costs

Acquisition and other costs consist of transaction costs, such as legal and financial advisory fees, related to completed or potential acquisitions, employee severance costs related to the purchase of a business, the costs to integrate acquired companies into our operations, costs relating to litigation and regulatory decisions, when they are significant, and other costs.

Subsequent to year end, BCE announced a reduction of its workforce by approximately 4,800 positions, or 9% of all BCE employees in 2024, which could result in severance payments up to approximately $400 million.

# NOTE 7 Interest expense

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Interest expense on long-term debt | **(1,391)** | (1,148) |
| Interest expense on other debt | **(219)** | (126) |
| Capitalized interest | **135** | 128 |
| **Total interest expense** | **(1,475)** | (1,146) |

Included in interest expense on long-term debt is interest on lease liabilities of $193 million and $165 million for 2023 and 2022, respectively.

Capitalized interest was calculated using an average rate of 4.31% and 3.83% for 2023 and 2022, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

# NOTE 8 Impairment of assets

## 2023

During the fourth quarter of 2023, we recognized $86 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to market-based valuation assumptions. These charges included $41 million allocated to indefinite-life intangible assets for broadcast licences and brands, and $45 million to finite-life intangible assets for program and feature film rights. The impairment was determined by comparing the carrying value of the CGUs to their fair value less cost of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of October 1, 2023 to December 31, 2028, using a discount rate of 9.5% and a perpetuity growth rate of 0.0%. After impairments, the carrying value of our impacted CGU was $62 million.

There was no impairment of Bell Media goodwill. See Note 22, *Goodwill*, for further details.

Additionally in 2023, we recorded impairment charges of $57 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

## 2022

During the fourth quarter of 2022, we recognized $147 million of impairment charges for French TV channels within our Bell Media segment. The impairment charges were the result of a reduction in advertising demand in the industry resulting from economic uncertainties and unfavourable impacts to assumptions for discount rates. These charges included $94 million allocated to indefinite-life intangible assets for broadcast licences, and $53 million to finite-life intangible assets for program and feature film rights. The impairment was determined by comparing the carrying value of the CGUs to their fair value less cost of disposal. We estimated the fair value of the CGUs using the discounted cash flow valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of October 1, 2022 to December 31, 2027, using a discount rate of 10.3% and a perpetuity growth rate of 0.5%. After impairments, the carrying value of our impacted CGUs was $109 million. In previous years' impairment analysis, the company's French Pay and French TV channels were tested for recoverability as one French CGU. In 2022, the French Pay channels were grouped with English Pay channels to form one CGU as a result of Bell Media launching a single bilingual premium pay product.

There was no impairment of Bell Media goodwill. See Note 22, *Goodwill*, for further details.

Additionally in 2022, we recorded impairment charges of $132 million related mainly to right-of-use assets for certain office spaces we ceased using as part of our real estate optimization strategy as a result of our hybrid work policy.

# NOTE 9 Other expense

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Equity (losses) income from investments in associates and joint ventures | 20 | | |
| Loss on investment | | **(581)** | (42) |
| Operations | | **28** | (19) |
| Net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans | 29 | **(103)** | (53) |
| Early debt redemption costs | 25 | **(1)** | (18) |
| Gains on investments | | **80** | 24 |
| Interest income | | **67** | 22 |
| Gains (losses) on retirements and disposals of property, plant and equipment and intangible assets | | **11** | (27) |
| Other | | **33** | (2) |
| **Total other expense** | | **(466)** | (115) |

## Equity (losses) income from investments in associates and joint ventures

We recorded a loss on investment of $581 million and $42 million in 2023 and 2022, respectively, related to equity losses on our share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures. The obligation is marked to market each reporting period and the gain or loss on investment is recorded as equity gains or losses from investments in associates and joint ventures.

## Gains on investments

In 2023, we completed the sale of our 63% ownership in certain production studios. We recorded net cash proceeds of $211 million and a gain on investment of $79 million. See Note 4, *Business acquisitions and disposition*, for additional details.

In 2022, we completed the sale of our wholly-owned subsidiary 6362222 Canada Inc. (Createch) and recorded a gain on sale of $39 million.

Additionally, in 2022, we recorded a loss on investment of $13 million related to an obligation to repurchase at fair value the minority interest in one of our subsidiaries.

## Gains (losses) on disposals of property, plant and equipment

In 2023, in addition to losses recorded on retirements of property, plant and equipment, we sold land for total proceeds of $54 million and recorded a gain of $53 million as part of our real estate optimization strategy.

# NOTE 10 Income taxes

The following table shows the significant components of income taxes deducted from net earnings.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Current taxes | | |
| Current taxes | **(923)** | (878) |
| Uncertain tax positions | **8** | 91 |
| Change in estimate relating to prior periods | **9** | 8 |
| Deferred taxes | | |
| Deferred taxes relating to the origination and reversal of temporary differences | **(75)** | (176) |
| Change in estimate relating to prior periods | **1** | (8) |
| Recognition and utilization of loss carryforwards | **(24)** | (4) |
| Uncertain tax positions | **8** | – |
| **Total income taxes** | **(996)** | (967) |

The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.8% for both 2023 and 2022.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Net earnings | **2,327** | 2,926 |
| Add back income taxes | **996** | 967 |
| Earnings before income taxes | **3,323** | 3,893 |
| Applicable statutory tax rate | **26.8%** | 26.8% |
| Income taxes computed at applicable statutory rates | **(891)** | (1,043) |
| Non-taxable portion of gains on investments | **5** | 4 |
| Uncertain tax positions | **16** | 91 |
| Change in estimate relating to prior periods | **10** | – |
| Non-taxable portion of equity losses | **(149)** | (18) |
| Other | **13** | (1) |
| **Total income taxes** | **(996)** | (967) |
| **Average effective tax rate** | **30.0%** | 24.8% |

The following table shows aggregate current and deferred taxes relating to items recognized outside the income statements.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| For the year ended December 31 | Other comprehensive (loss)/income | Deficit | Other comprehensive loss | Deficit |
| Current taxes | **(2)** | **1** | – | 3 |
| Deferred taxes | **199** | **(8)** | (73) | (7) |
| **Total income taxes recovery (expense)** | **197** | **(7)** | (73) | (4) |

The following table shows deferred taxes resulting from temporary differences between the carrying amounts of assets and liabilities recognized in the statements of financial position and their corresponding tax basis, as well as tax loss carryforwards.

| Net deferred tax liability | Non-capital loss carry-forwards | Post-employment benefit plans | Indefinite-life intangible assets | Property, plant and equipment and finite-life intangible assets | Other | Total |
|---|---|---|---|---|---|---|
| **January 1, 2022** | 63 | (466) | (1,701) | (2,417) | (53) | (4,574) |
| Income statements | (4) | 15 | (40) | (307) | 148 | (188) |
| Business acquisitions | 1 | – | (26) | (21) | 3 | (43) |
| Other comprehensive (loss)/income | – | (151) | – | – | 78 | (73) |
| Deficit | – | – | – | – | (7) | (7) |
| Other | – | – | – | – | 16 | 16 |
| **December 31, 2022** | 60 | (602) | (1,767) | (2,745) | 185 | (4,869) |
| Income statements | **(23)** | **10** | **(35)** | **(36)** | **(6)** | **(90)** |
| Business acquisitions/business disposition | **(1)** | **–** | **(10)** | **(4)** | **(3)** | **(18)** |
| Other comprehensive income | **–** | **149** | **–** | **–** | **50** | **199** |
| Deficit | **–** | **–** | **–** | **–** | **(8)** | **(8)** |
| Reclassified to liabilities held for sale | **–** | **–** | **7** | **(1)** | **–** | **6** |
| Other | **–** | **–** | **–** | **5** | **2** | **7** |
| **December 31, 2023** | **36** | **(443)** | **(1,805)** | **(2,781)** | **220** | **(4,773)** |

At December 31, 2023, BCE had $156 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $36 million for $143 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2028 to 2043.
- did not recognize a deferred tax asset for $13 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2031 to 2043.

At December 31, 2023, BCE had $55 million of unrecognized capital loss carryforwards, which can be carried forward indefinitely.

At December 31, 2022, BCE had $251 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $60 million for $231 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2025 to 2042.
- did not recognize a deferred tax asset for $20 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2042.

At December 31, 2022, BCE had $67 million of unrecognized capital loss carryforwards, which can be carried forward indefinitely.

## NOTE 11 Earnings per share

The following table shows the components used in the calculation of basic and diluted net earnings per common share for earnings attributable to common shareholders.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| **Net earnings attributable to common shareholders – basic** | **2,076** | 2,716 |
| Dividends declared per common share (in dollars) | **3.87** | 3.68 |
| **Weighted average number of common shares outstanding (in millions)** | | |
| Weighted average number of common shares outstanding – basic | **912.2** | 911.5 |
| Assumed exercise of stock options [(1)] | **–** | 0.5 |
| **Weighted average number of common shares outstanding – diluted (in millions)** | **912.2** | 912.0 |

(1) *The calculation of the assumed exercise of stock options includes the effect of the average unrecognized future compensation cost of dilutive options. It excludes options for which the exercise price is higher than the average market value of a BCE common share. The number of excluded options was 6,395,513 in 2023 and nil in 2022.*

## NOTE 12 Trade and other receivables

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Trade receivables [(1)] | | **3,959** | 4,102 |
| Allowance for revenue adjustments | | **(145)** | (160) |
| Allowance for doubtful accounts | 29 | **(118)** | (129) |
| Current tax receivable | | **12** | 48 |
| Commodity taxes receivable | | **12** | 11 |
| Other accounts receivable | | **311** | 266 |
| **Total trade and other receivables** | | **4,031** | 4,138 |

(1) *The details of securitized receivables are set out in Note 24,* Debt due within one year.

### Wireless device financing plan receivables

Wireless device financing plan receivables represent amounts owed to us under financing agreements that have not yet been billed. The current portion of these balances is included in *Trade receivables* within the *Trade and other receivables* line item on our statements of financial position and the long-term portion is included within the *Other non-current assets* line item on our statements of financial position.

The following table summarizes our wireless device financing plan receivables.

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Current | | **1,052** | 1,021 |
| Non-current | 21 | **401** | 386 |
| **Total wireless device financing plan receivables** [(1)] | | **1,453** | 1,407 |

(1) *Excludes allowance for doubtful accounts and allowance for revenue adjustments on the current portion of $45 million and $46 million at December 31, 2023 and December 31, 2022, respectively, and allowance for doubtful accounts and allowance for revenue adjustments on the non-current portion of $15 million at December 31, 2023 and December 31, 2022.*

## NOTE 13 Inventory

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Wireless devices and accessories | **190** | 238 |
| Merchandise and other | **275** | 418 |
| **Total inventory** | **465** | 656 |

The total amount of inventory subsequently recognized as an expense in cost of revenues was $3,334 million and $3,184 million for 2023 and 2022, respectively.

## NOTE 14 Contract assets and liabilities

The table below provides a reconciliation of the significant changes in the contract assets and the contract liabilities balances.

| | | Contract assets [1] | | Contract liabilities | |
|---|---|---|---|---|---|
| For the year ended December 31 | Note | 2023 | 2022 | 2023 | 2022 |
| Opening balance, January 1 | | **724** | 665 | **1,085** | 1,045 |
| Revenue recognized included in contract liabilities at the beginning of the year | | **–** | – | **(734)** | (736) |
| Revenue recognized from contract liabilities included in contract assets at the beginning of the year | | **84** | 89 | **–** | – |
| Increase in contract liabilities during the year | | **–** | – | **785** | 794 |
| Increase in contract liabilities included in contract assets during the year | | **(88)** | (83) | **–** | – |
| Increase in contract assets from revenue recognized during the year | | **713** | 728 | **–** | – |
| Contract assets transferred to trade receivables | | **(613)** | (586) | **8** | 14 |
| Acquisitions/(Disposition) | 4 | **–** | – | **–** | 8 |
| Contract terminations transferred to trade receivables | | **(60)** | (50) | **(1)** | (1) |
| Other | | **(25)** | (39) | **(55)** | (39) |
| **Ending balance, December 31** | | **735** | 724 | **1,088** | 1,085 |

(1) *Net of allowance for doubtful accounts of $18 million and $19 million at December 31, 2023 and December 31, 2022, respectively. See Note 29,* Financial and capital management, *for additional details.*

## NOTE 15 Contract costs

The table below provides a reconciliation of the contract costs balance.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Opening balance, January 1 | **1,143** | 894 |
| Incremental costs of obtaining a contract and contract fulfillment costs | **892** | 807 |
| Amortization included in operating costs | **(623)** | (558) |
| **Ending balance, December 31** | **1,412** | 1,143 |

Contract costs are amortized over periods ranging from 12 to 95 months.

## NOTE 16 Assets held for sale

On February 8, 2024, Bell Media announced the sale of 45 radio stations within the Bell Media segment. Completion of the sale is expected in the fourth quarter of 2024, subject to regulatory approvals and other closing conditions. Estimated proceeds for the stations and other radio related assets being sold are expected to be $54 million, resulting in an estimated gain of $9 million to be recorded in other expense upon completion of the sale.

The assets and liabilities of these radio stations were presented as held for sale in our statements of financial position at December 31, 2023, measured at the lower of the carrying amount and the estimated fair value less costs to sell. Property, plant and equipment and leased assets included in assets held for sale were no longer depreciated or amortized effective December 2023.

Our results for the years ended December 31, 2023 and 2022 included revenues for these radio stations of $39 million and $42 million and are recorded in the Bell Media segment. The transaction did not have a significant impact on our net earnings for 2023 and 2022.

The following table summarizes the carrying value of the assets and liabilities that are classified as held for sale at December 31, 2023.

| | Note | 2023 |
|---|---|---|
| Property, plant and equipment | 17 | **12** |
| Intangible assets | 19 | **26** |
| Goodwill | 22 | **22** |
| **Total assets held for sale** | | **60** |
| Long-term debt | | **7** |
| Deferred tax liabilities | | **6** |
| Other non-current liabilities | | **2** |
| **Total liabilities held for sale** | | **15** |
| **Net assets held for sale** | | **45** |

# NOTE 17 Property, plant and equipment

| For the year ended December 31, 2023 | Note | Network infrastructure and equipment [1] | Land and buildings [1] | Assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| January 1, 2023 | | **71,875** | **9,139** | **2,598** | **83,612** |
| Additions | | **2,990** | **795** | **2,176** | **5,961** |
| Business acquisitions/(business disposition) | | **8** | **(103)** | **(100)** | **(195)** |
| Transfers | | **1,368** | **79** | **(2,317)** | **(870)** |
| Retirements and disposals | | **(1,557)** | **(53)** | **(2)** | **(1,612)** |
| Impairment losses recognized in earnings | 8 | **–** | **(42)** | **–** | **(42)** |
| Reclassified to assets held for sale | 16 | **(8)** | **(10)** | **–** | **(18)** |
| **December 31, 2023** | | **74,676** | **9,805** | **2,355** | **86,836** |
| **Accumulated depreciation** | | | | | |
| January 1, 2023 | | **49,236** | **5,120** | **–** | **54,356** |
| Depreciation | | **3,254** | **491** | **–** | **3,745** |
| Business disposition | | **(1)** | **(17)** | **–** | **(18)** |
| Retirements and disposals | | **(1,508)** | **(37)** | **–** | **(1,545)** |
| Transfers | | **23** | **2** | **–** | **25** |
| Reclassified to assets held for sale | 16 | **(6)** | **–** | **–** | **(6)** |
| Other | | **(72)** | **(1)** | **–** | **(73)** |
| **December 31, 2023** | | **50,926** | **5,558** | **–** | **56,484** |
| **Net carrying amount** | | | | | |
| January 1, 2023 | | **22,639** | **4,019** | **2,598** | **29,256** |
| December 31, 2023 | | **23,750** | **4,247** | **2,355** | **30,352** |

(1) *Includes right-of-use assets. See Note 18,* Leases, *for additional details.*

| For the year ended December 31, 2022 | Note | Network infrastructure and equipment [1] | Land and buildings [1] | Assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| January 1, 2022 | | 70,923 | 8,889 | 2,241 | 82,053 |
| Additions | | 2,824 | 394 | 2,675 | 5,893 |
| Business acquisitions/(business disposition) | | 11 | (28) | 3 | (14) |
| Transfers | | 1,180 | 51 | (2,318) | (1,087) |
| Retirements and disposals | | (3,063) | (35) | (3) | (3,101) |
| Impairment losses recognized in earnings | 8 | – | (132) | – | (132) |
| **December 31, 2022** | | 71,875 | 9,139 | 2,598 | 83,612 |
| **Accumulated depreciation** | | | | | |
| January 1, 2022 | | 49,122 | 4,696 | – | 53,818 |
| Depreciation | | 3,195 | 465 | – | 3,660 |
| Business disposition | | (14) | (7) | – | (21) |
| Retirements and disposals | | (3,025) | (28) | – | (3,053) |
| Transfers | | 2 | (2) | – | – |
| Other | | (44) | (4) | – | (48) |
| **December 31, 2022** | | 49,236 | 5,120 | – | 54,356 |
| **Net carrying amount** | | | | | |
| January 1, 2022 | | 21,801 | 4,193 | 2,241 | 28,235 |
| December 31, 2022 | | 22,639 | 4,019 | 2,598 | 29,256 |

(1) *Includes right-of-use assets. See Note 18,* Leases, *for additional details.*

# NOTE 18 Leases

## Right-of-use assets

BCE's significant right-of-use assets under leases are satellites, office premises, land, cellular tower sites, retail outlets and OOH advertising spaces. Right-of-use assets are presented in *Property, plant and equipment* in the statements of financial position.

| For the year ended December 31, 2023 | Note | Network infrastructure and equipment | Land and buildings | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| January 1, 2023 | | **3,693** | **4,119** | **7,812** |
| Additions | | **832** | **729** | **1,561** |
| Transfers | | **(215)** | **(4)** | **(219)** |
| Business disposition | | **–** | **(20)** | **(20)** |
| Lease terminations | | **(37)** | **(15)** | **(52)** |
| Impairment losses recognized in earnings | 8 | **–** | **(30)** | **(30)** |
| Reclassified to assets held for sale | | **(2)** | **(5)** | **(7)** |
| **December 31, 2023** | | **4,271** | **4,774** | **9,045** |
| **Accumulated depreciation** | | | | |
| January 1, 2023 | | **1,804** | **1,858** | **3,662** |
| Depreciation | | **425** | **364** | **789** |
| Transfers | | **(113)** | **(1)** | **(114)** |
| Business disposition | | **–** | **(3)** | **(3)** |
| Lease terminations | | **(13)** | **(2)** | **(15)** |
| **December 31, 2023** | | **2,103** | **2,216** | **4,319** |
| **Net carrying amount** | | | | |
| January 1, 2023 | | **1,889** | **2,261** | **4,150** |
| December 31, 2023 | | **2,168** | **2,558** | **4,726** |

| For the year ended December 31, 2022 | Note | Network infrastructure and equipment | Land and buildings | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| January 1, 2022 | | 3,240 | 3,931 | 7,171 |
| Additions | | 681 | 336 | 1,017 |
| Transfers | | (195) | (6) | (201) |
| Business acquisitions/(business disposition) | | 2 | (11) | (9) |
| Lease terminations | | (35) | (7) | (42) |
| Impairment losses recognized in earnings | 8 | – | (124) | (124) |
| **December 31, 2022** | | 3,693 | 4,119 | 7,812 |
| **Accumulated depreciation** | | | | |
| January 1, 2022 | | 1,554 | 1,538 | 3,092 |
| Depreciation | | 374 | 335 | 709 |
| Transfers | | (112) | (5) | (117) |
| Business disposition | | – | (7) | (7) |
| Lease terminations | | (12) | (3) | (15) |
| **December 31, 2022** | | 1,804 | 1,858 | 3,662 |
| **Net carrying amount** | | | | |
| January 1, 2022 | | 1,686 | 2,393 | 4,079 |
| December 31, 2022 | | 1,889 | 2,261 | 4,150 |

## Leases in net earnings

The following table provides the expenses related to leases recognized in net earnings.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Interest expense on lease liabilities | **193** | 165 |
| Variable lease payment expenses not included in the measurement of lease liabilities | **126** | 133 |
| Expenses for leases of low value assets | **63** | 60 |
| Expenses for short-term leases | **29** | 27 |

## Leases in the statements of cash flows

Total cash outflow related to leases was $1,455 million and $1,272 million for the year ended December 31, 2023 and December 31, 2022, respectively.

## Additional disclosures

See Note 24, *Debt due within one year*, and Note 25, *Long-term debt*, for lease liabilities balances included in the statements of financial position.

See Note 29, *Financial and capital management*, for a maturity analysis of lease liabilities.

See Note 34, *Commitments and contingencies*, for leases committed but not yet commenced as at December 31, 2023.

# NOTE 19 Intangible assets

| | | Finite-life | | | | | Indefinite-life | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| For the year ended December 31, 2023 | Note | Software | Customer relation-ships | Program and feature film rights | Other | Total | Brands | Spectrum and other licences | Broadcast licences | Total | Total intangible assets |
| **Cost** | | | | | | | | | | | |
| January 1, 2023 | | 10,543 | 1,802 | 603 | 407 | 13,355 | 2,435 | 5,905 | 1,486 | 9,826 | 23,181 |
| Additions | | 471 | – | 1,260 | 149 | 1,880 | – | 53 | – | 53 | 1,933 |
| Business acquisitions/ (business disposition) | | 10 | 45 | – | (4) | 51 | 31 | (7) | – | 24 | 75 |
| Transfers | | 897 | – | – | (27) | 870 | – | – | – | – | 870 |
| Retirements and disposals | | (576) | (69) | (2) | (4) | (651) | – | (2) | (9) | (11) | (662) |
| Impairment losses recognized in earnings | 8 | – | – | (45) | – | (45) | (34) | – | (17) | (51) | (96) |
| Amortization included in operating costs | | – | – | (1,165) | – | (1,165) | – | – | – | – | (1,165) |
| Reclassified to assets held for sale | 16 | – | – | – | – | – | – | – | (26) | (26) | (26) |
| **December 31, 2023** | | 11,345 | 1,778 | 651 | 521 | 14,295 | 2,432 | 5,949 | 1,434 | 9,815 | 24,110 |
| **Accumulated amortization** | | | | | | | | | | | |
| January 1, 2023 | | 5,734 | 1,060 | – | 204 | 6,998 | – | – | – | – | 6,998 |
| Amortization | | 1,033 | 98 | – | 42 | 1,173 | – | – | – | – | 1,173 |
| Retirements and disposals | | (574) | (69) | – | (2) | (645) | – | – | – | – | (645) |
| Transfers | | – | – | – | (25) | (25) | – | – | – | – | (25) |
| **December 31, 2023** | | 6,193 | 1,089 | – | 219 | 7,501 | – | – | – | – | 7,501 |
| **Net carrying amount** | | | | | | | | | | | |
| January 1, 2023 | | 4,809 | 742 | 603 | 203 | 6,357 | 2,435 | 5,905 | 1,486 | 9,826 | 16,183 |
| December 31, 2023 | | 5,152 | 689 | 651 | 302 | 6,794 | 2,432 | 5,949 | 1,434 | 9,815 | 16,609 |

| For the year ended December 31, 2022 | Note | Finite-life Software | Customer relation-ships | Program and feature film rights | Other | Total | Indefinite-life Brands | Spectrum and other licences | Broadcast licences | Total | Total intangible assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| January 1, 2022 | | 9,565 | 1,736 | 631 | 404 | 12,336 | 2,409 | 5,786 | 1,580 | 9,775 | 22,111 |
| Additions | | 484 | 1 | 1,208 | 7 | 1,700 | – | 44 | – | 44 | 1,744 |
| Business acquisitions | | 6 | 65 | – | 3 | 74 | 26 | 75 | – | 101 | 175 |
| Transfers | | 1,087 | – | – | – | 1,087 | – | – | – | – | 1,087 |
| Retirements and disposals | | (599) | – | – | (7) | (606) | – | – | – | – | (606) |
| Impairment losses recognized in earnings | 8 | – | – | (53) | – | (53) | – | – | (94) | (94) | (147) |
| Amortization included in operating costs | | – | – | (1,183) | – | (1,183) | – | – | – | – | (1,183) |
| **December 31, 2022** | | 10,543 | 1,802 | 603 | 407 | 13,355 | 2,435 | 5,905 | 1,486 | 9,826 | 23,181 |
| **Accumulated amortization** | | | | | | | | | | | |
| January 1, 2022 | | 5,407 | 969 | – | 165 | 6,541 | – | – | – | – | 6,541 |
| Amortization | | 926 | 91 | – | 46 | 1,063 | – | – | – | – | 1,063 |
| Retirements and disposals | | (599) | – | – | (7) | (606) | – | – | – | – | (606) |
| **December 31, 2022** | | 5,734 | 1,060 | – | 204 | 6,998 | – | – | – | – | 6,998 |
| **Net carrying amount** | | | | | | | | | | | |
| January 1, 2022 | | 4,158 | 767 | 631 | 239 | 5,795 | 2,409 | 5,786 | 1,580 | 9,775 | 15,570 |
| December 31, 2022 | | 4,809 | 742 | 603 | 203 | 6,357 | 2,435 | 5,905 | 1,486 | 9,826 | 16,183 |

# NOTE 20 Investments in associates and joint ventures

The following tables provide summarized financial information with respect to BCE's associates and joint ventures. For more details on our associates and joint ventures, see Note 35, *Related party transactions*.

## Statements of financial position

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Assets | | **4,050** | 3,857 |
| Liabilities | | **(3,875)** | (2,641) |
| **Total net assets** | | **175** | 1,216 |
| **BCE's share of net assets** | | **323** | 608 |
| **BCE's share of net liabilities** | 28 | **(252)** | – |

## Income statements

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Revenues | | **2,722** | 2,335 |
| Expenses | | **(3,832)** | (2,456) |
| **Total net losses** | | **(1,110)** | (121) |
| **BCE's share of net losses** | 9 | **(553)** | (61) |

## NOTE 21 Other non-current assets

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Long-term wireless device financing plan receivables | 12 | **401** | 386 |
| Long-term receivables | | **331** | 255 |
| Derivative assets | 29 | **116** | 233 |
| Publicly-traded and privately-held investments | 29 | **587** | 215 |
| Investments [(1)] | 29 | **216** | 184 |
| Other | | **63** | 82 |
| **Total other non-current assets** | | **1,714** | 1,355 |

(1) *These amounts have been pledged as security related to obligations for certain employee benefits and are not available for general use.*

## NOTE 22 Goodwill

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2023 and 2022. BCE's groups of CGUs for purposes of goodwill impairment testing correspond to our reporting segments.

| | Note | Bell CTS | Bell Media | BCE |
|---|---|---|---|---|
| **Balance at January 1, 2022** | | 7,626 | 2,946 | 10,572 |
| Acquisitions | 4 | 334 | – | 334 |
| **Balance at December 31, 2022** | | 7,960 | 2,946 | 10,906 |
| Acquisitions, disposition and other | 4 | **139** | **(81)** | **58** |
| Reclassified to assets held for sale | 16 | **–** | **(22)** | **(22)** |
| **Balance at December 31, 2023** | | **8,099** | **2,843** | **10,942** |

### Impairment testing

Goodwill is tested annually for impairment or when there is an indication that goodwill might be impaired, by comparing the carrying value of a CGU or group of CGUs to its recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and its value in use.

#### Recoverable amount

The recoverable amount for each of the Bell CTS and Bell Media group of CGUs is its value in use.

The recoverable amount for our groups of CGUs is determined by discounting five-year cash flow projections derived from business plans reviewed by senior management. The projections reflect management's expectations of revenue, adjusted EBITDA, capital expenditures, working capital and operating cash flows, based on past experience and future expectations of operating performance, including any impact from changes in interest rates and inflation.

Cash flows beyond the five-year period are extrapolated using perpetuity growth rates. None of the perpetuity growth rates exceeds the long-term historical growth rates for the markets in which we operate.

The discount rates are applied to the cash flow projections and are derived from the weighted average cost of capital for each group of CGUs.

The following table shows the key assumptions used to estimate the recoverable amounts of our groups of CGUs.

| | Assumptions used | |
|---|---|---|
| Groups of CGUs | Perpetuity growth rate | Discount rate |
| Bell CTS | 1.5% | 7.0% |
| Bell Media | 0.7% | 10.2% |

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amount of the Bell CTS group of CGUs is based would not cause its carrying amount to exceed its recoverable amount.

For the Bell Media group of CGUs, a decrease of (0.3%) in the perpetuity growth rate or an increase of 0.2% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

# NOTE 23 Trade payables and other liabilities

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Trade payables and accruals | | **3,308** | 3,602 |
| Compensation payable | | **599** | 607 |
| Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability (1) | 29 | **–** | 149 |
| Commodity taxes payable | | **143** | 108 |
| Derivative liabilities | 29 | **107** | 106 |
| Provisions | 26 | **65** | 74 |
| Other current liabilities | | **507** | 575 |
| **Total trade payables and other liabilities** | | **4,729** | 5,221 |

(1) *Represented BCE's obligation to repurchase the BCE Master Trust Fund's (Master Trust Fund) 9% interest in MLSE at a price not less than an agreed minimum price. In January 2023, BCE repurchased the interest held by the Master Trust Fund, a trust fund that holds pension fund investments serving the pension obligations of the BCE group pension plan participants, in MLSE for a cash consideration of $149 million.*

# NOTE 24 Debt due within one year

| For the year ended December 31 | Note | Weighted average interest rate at December 31, 2023 | 2023 | 2022 |
|---|---|---|---|---|
| Notes payable (1) | 29 | 5.21% | **207** | 869 |
| Loans secured by receivables (2) | 29 | 6.16% | **1,588** | 1,588 |
| Long-term debt due within one year (3) | 25 | 3.60% | **3,247** | 1,680 |
| **Total debt due within one year** | | | **5,042** | 4,137 |

(1) *Includes commercial paper of $149 million in U.S. dollars ($197 million in Canadian dollars) and $627 million in U.S. dollars ($849 million in Canadian dollars) as at December 31, 2023 and December 31, 2022, respectively, which were issued under our U.S. commercial paper program and have been hedged for foreign currency fluctuations with forward currency contracts. See Note 29,* Financial and capital management, *for additional details.*

(2) *Loans secured by receivables totaled $1,200 million in U.S. dollars ($1,588 million in Canadian dollars) and $1,173 million in U.S. dollars ($1,588 million in Canadian dollars) as at December 31, 2023 and December 31, 2022, respectively, and have been hedged for foreign currency fluctuations with forward currency contracts. See Note 29,* Financial and capital management, *for additional details.*

(3) *Included in long-term debt due within one year is the current portion of lease liabilities of $1,074 million and $930 million as at December 31, 2023 and December 31, 2022, respectively.*

## Securitized receivables

In 2022, we entered into a new securitization program which replaced our previous securitized trade receivables program and now includes wireless device financing plan receivables. As a result, the maximum amount available under our securitization program increased from $1.3 billion at December 31, 2021 to $2.3 billion at December 31, 2022.

In 2023, we amended our securitization program to add sustainability-linked pricing. The amendment introduces a financing cost that varies based on our performance of certain sustainability performance targets.

The following table provides further details on our securitized receivables programs during 2023 and 2022.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Average interest rate throughout the year | **5.72%** | 3.15% |
| Securitized receivables | **3,320** | 3,353 |

The securitization program is recorded as a floating rate revolving loan secured by certain receivables. We continue to service trade receivables and wireless device financing plan receivables under the securitization program, which matures in July 2025 unless previously terminated. The lenders' interest in the collection of these receivables ranks ahead of our interests, which means that we are exposed to certain risks of default on the amounts securitized.

We have provided various credit enhancements in the form of overcollateralization and subordination of our retained interests.

The lenders have no further claim on our other assets if customers do not pay the amounts owed.

## Credit facilities

Bell Canada may issue notes under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3 billion in either Canadian or U.S. currency provided that at no time shall such maximum amount of notes exceed $3.5 billion in Canadian currency, which equals the aggregate amount available under Bell Canada's committed supporting revolving and expansion credit facilities as at December 31, 2023. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

In 2023, Bell Mobility Inc. (Bell Mobility) entered into a $600 million U.S. dollar uncommitted trade loan agreement to finance certain purchase obligations. Loan requests may be made until April 30, 2024, with each loan having a term of up to 24 months. The loan agreement has been hedged for foreign currency fluctuations. See Note 29, *Financial and capital management*, for additional details.

The table below is a summary of our total bank credit facilities at December 31, 2023.

| | Total available | Drawn | Letters of credit | Commercial paper outstanding | Net available |
|---|---|---|---|---|---|
| **Committed credit facilities** | | | | | |
| Unsecured revolving and expansion credit facilities (1) (2) | **3,500** | – | – | 197 | 3,303 |
| Unsecured non-revolving credit facilities (3) | **641** | – | – | – | 641 |
| Other | **106** | – | 81 | – | 25 |
| **Total committed credit facilities** | **4,247** | – | 81 | 197 | 3,969 |
| **Non-committed credit facilities** | | | | | |
| Bell Canada | **2,159** | – | 862 | – | 1,297 |
| Bell Mobility | **794** | 476 | – | – | 318 |
| **Total non-committed credit facilities** | **2,953** | 476 | 862 | – | 1,615 |
| **Total committed and non-committed credit facilities** | **7,200** | 476 | 943 | 197 | 5,584 |

(1) *Bell Canada's $2.5 billion committed revolving credit facility expires in May 2028 and its $1 billion committed expansion credit facility expires in May 2026. In 2022, Bell Canada converted its committed credit facilities into a sustainability-linked loan. The amendment introduces a borrowing cost that varies based on our performance of certain sustainability performance targets.*

(2) *As of December 31, 2023, Bell Canada's outstanding commercial paper included $149 million in U.S. dollars ($197 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in* Debt due within one year.

(3) *In 2022, Bell Canada entered into two 30-year senior unsecured non-revolving credit facilities in the aggregate principal amount of up to $647 million to partly fund the expansion of its broadband networks as part of government subsidy programs. In 2023, the maximum aggregate principal amount of such credit facilities was decreased to $641 million.*

## Restrictions

Some of our credit agreements:

- require us to meet specific financial ratios
- require us to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada

We are in compliance with all conditions and restrictions under such credit agreements.

# NOTE 25 Long-term debt

| For the year ended December 31 | Note | Weighted average interest rate at December 31, 2023 | Maturity | 2023 | 2022 |
|---|---|---|---|---|---|
| Debt securities | | | | | |
| 1997 trust indenture (1) | | 4.02% | 2024–2053 | **19,768** | 16,747 |
| 1976 trust indenture | | 9.38% | 2027–2054 | **975** | 975 |
| 2011 trust indenture | | 4.00% | 2024 | **225** | 225 |
| 2016 U.S. trust indenture (2) | | 3.58% | 2024–2052 | **7,529** | 6,525 |
| 1996 trust indenture (subordinated) | | 8.21% | 2026–2031 | **275** | 275 |
| Lease liabilities | | 5.82% | 2024–2068 | **4,857** | 4,402 |
| Bell Mobility trade loan (3) | | 6.98% | 2025 | **476** | – |
| Other | | | | **422** | 449 |
| **Total debt** | | | | **34,527** | 29,598 |
| Net unamortized discount | | | | **(33)** | (34) |
| Unamortized debt issuance costs | | | | **(112)** | (101) |
| Less: | | | | | |
| Amount due within one year | 24 | | | **(3,247)** | (1,680) |
| **Total long-term debt** | | | | **31,135** | 27,783 |

(1) *At December 31, 2023 and 2022, $1,625 million and $500 million, respectively, have been swapped from fixed to floating using interest rate swaps. As at December 31, 2023, $700 million and $525 million have been swapped from fixed to floating with forward interest rate swaps starting in 2024 and 2028, respectively. See Note 29,* Financial and capital management, *for additional details.*

(2) *At December 31, 2023 and 2022, notes issued under the 2016 U.S. trust indenture totaled $5,700 million and $4,850 million in U.S. dollars, respectively, and have been hedged for foreign currency fluctuations with cross currency interest rate swaps, including $600 million in U.S. dollars, which has been swapped from fixed to floating. See Note 29,* Financial and capital management, *for additional details.*

(3) *At December 31, 2023, loans incurred under the Bell Mobility trade loan agreement totaled $360 million in U.S. dollars and have been hedged for foreign currency fluctuations with cross currency interest rate swaps. See Note 29,* Financial and capital management, *for additional details.*

Bell Canada's debt securities have been issued in Canadian dollars with the exception of debt securities issued under the 2016 U.S. trust indenture, which have been issued in U.S. dollars. All debt securities were issued at a fixed interest rate. We have entered into interest rate and cross currency interest rate derivatives to manage interest rate risk as disclosed in Note 29, *Financial and capital management*.

## Restrictions

Some of our debt agreements:

- impose covenants and new issue tests
- require us to make an offer to repurchase certain series of debt securities upon the occurrence of a change of control event as defined in the relevant debt agreements

We are in compliance with all conditions and restrictions under such debt agreements.

All outstanding debt securities have been issued under trust indentures, are unsecured and have been guaranteed by BCE. All debt securities have been issued in series and certain series are redeemable at Bell Canada's option prior to maturity at the prices, times and conditions specified for each series.

## 2023

On November 14, 2023, Bell Canada issued, under its 1997 trust indenture, 5.85% Series M-57 medium-term note (MTN) debentures, with a principal amount of $300 million, which mature on November 10, 2032. The Series M-57 debentures were issued pursuant to a re-opening of an existing series of MTN debentures. Additionally on the same date, Bell Canada issued under its 1997 trust indenture, 5.25% Series M-62 MTN debentures, with a principal amount of $700 million, which mature on March 15, 2029.

On August 11, 2023, Bell Canada issued, under its 1997 trust indenture, 5.15% Series M-60 MTN debentures, with a principal amount of $600 million, which mature on November 14, 2028. Additionally, on the same date, Bell Canada issued under its 1997 trust indenture, 5.60% Series M-61 MTN debentures, with a principal amount of $400 million, which mature on August 11, 2053.

On May 11, 2023, Bell Canada issued, under its 2016 trust indenture, 5.100% Series US-8 Notes, with a principal amount of $850 million in U.S. dollars ($1,138 million in Canadian dollars), which mature on May 11, 2033. The Series US-8 Notes have been hedged for foreign currency fluctuations with cross currency interest rate swaps. See Note 29, *Financial and capital management*, for additional details.

On February 9, 2023, Bell Canada issued, under its 1997 trust indenture, 4.55% Series M-58 MTN debentures, with a principal amount of $1,050 million, which mature on February 9, 2030. Additionally, on the same date, Bell Canada issued, under its 1997 trust indenture, 5.15% Series M-59 MTN debentures, with a principal amount of $450 million, which mature on February 9, 2053.

Subsequent to year end, on February 15, 2024, Bell Canada issued, under its 2016 trust indenture, 5.200% Series US-9 Notes, with a principal amount of $700 million in U.S. dollars ($942 million in Canadian dollars), which mature on February 15, 2034. The Series US-9 Notes have been hedged for foreign currency fluctuations with cross currency interest rate swaps. Additionally, on the same date, Bell Canada issued, under its 2016 trust indenture, 5.550% Series US-10 Notes, with a principal amount of $750 million in U.S. dollars ($1,009 million in Canadian dollars), which mature on February 15, 2054. The Series US-10 Notes have been hedged for foreign currency fluctuations with cross currency interest rate swaps and in addition, $336 million in Canadian dollars have been hedged for changes in fair value with interest rate swaps.

## 2022

On November 10, 2022, Bell Canada issued, under its 1997 trust indenture, 5.85% Series M-57 MTN debentures, with a principal amount of $1 billion, which mature on November 10, 2032.

On March 16, 2022, Bell Canada redeemed, prior to maturity, its 3.35% Series M-26 MTN debentures, having an outstanding principal amount of $1 billion, which were due on March 22, 2023. As a result, for the year ended December 31, 2022, we recognized early debt redemption charges of $18 million, which were recorded in *Other expense* in the income statements.

On February 11, 2022, Bell Canada issued, under its 2016 trust indenture, 3.650% Series US-7 Notes, with a principal amount of $750 million in U.S. dollars ($954 million in Canadian dollars), which mature on August 15, 2052. The Series US-7 Notes have been hedged for foreign currency fluctuations with cross currency interest rate swaps. See Note 29, *Financial and capital management*, for additional details.

# NOTE 26 Provisions

| For the year ended December 31 | Note | AROs | Other [1] | Total |
|---|---|---|---|---|
| January 1, 2023 | | 165 | 197 | 362 |
| Additions | | 6 | 39 | 45 |
| Usage | | (5) | (26) | (31) |
| Reversals | | (3) | (22) | (25) |
| **December 31, 2023** | | 163 | 188 | 351 |
| Current | 23 | 30 | 35 | 65 |
| Non-current | 28 | 133 | 153 | 286 |
| **December 31, 2023** | | 163 | 188 | 351 |

(1) *Other includes environmental, legal, vacant space and other provisions.*

AROs reflect management's best estimates of expected future costs to restore current leased premises to their original condition prior to lease inception. Cash outflows associated with our ARO liabilities are generally expected to occur at the restoration dates of the assets to which they relate, which are long-term in nature. The timing and extent of restoration work that will be ultimately required for these sites is uncertain.

# NOTE 27 Post-employment benefit plans

## Post-employment benefit plans cost

We provide pension and other benefits for most of our employees. These include DB pension plans, DC pension plans and OPEBs.

We operate our DB and DC pension plans under applicable Canadian and provincial pension legislation, which prescribes minimum and maximum DB funding requirements. Plan assets are held in trust, and the oversight of governance of the plans, including investment decisions, contributions to DB plans and the selection of the DC plans investment options offered to plan participants, lies with the Risk and Pension Fund Committee, a committee of our board of directors.

The interest rate risk is managed using a liability matching approach, which reduces the exposure of the DB plans to a mismatch between investment growth and obligation growth.

The longevity risk is managed using a longevity swap, which reduces the exposure of the DB plans to an increase in life expectancy.

### Components of post-employment benefit plans service cost

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| DB pension | (128) | (193) |
| DC pension | (133) | (118) |
| OPEBs | (1) | (2) |
| Less: | | |
| Capitalized benefit plans cost | 56 | 64 |
| **Total post-employment benefit plans service cost** | (206) | (249) |

### Components of post-employment benefit plans financing income

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| DB pension | 149 | 84 |
| OPEBs | (41) | (33) |
| **Total net return on post-employment benefit plans** | 108 | 51 |

The statements of comprehensive income include the following amounts before income taxes.

| | 2023 | 2022 |
|---|---|---|
| Cumulative gains recognized directly in equity, January 1 | **985** | 419 |
| Actuarial (losses) gains in other comprehensive (loss) income [1] | **(835)** | 894 |
| Decrease (increase) in the effect of the asset limit in other comprehensive (loss) income [2] | **282** | (328) |
| **Cumulative gains recognized directly in equity, December 31** | **432** | 985 |

(1) *The cumulative actuarial gains recognized in the statements of comprehensive income are $864 million at December 31, 2023.*

(2) *The cumulative increase in the effect of the asset limit recognized in the statements of comprehensive income is $432 million at December 31, 2023.*

## Components of post-employment benefit assets (obligations)

The following table shows the change in post-employment benefit obligations and the fair value of plan assets.

| | DB pension plans | | OPEB plans | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Post-employment benefit obligations, January 1 | **(19,295)** | (24,544) | **(1,138)** | (1,457) | **(20,433)** | (26,001) |
| Current service cost | **(128)** | (193) | **(1)** | (2) | **(129)** | (195) |
| Interest on obligations | **(993)** | (770) | **(58)** | (44) | **(1,051)** | (814) |
| Actuarial (losses) gains [1] | **(1,572)** | 4,856 | **51** | 294 | **(1,521)** | 5,150 |
| Benefit payments | **1,401** | 1,366 | **72** | 70 | **1,473** | 1,436 |
| Employee contributions | **(8)** | (9) | **–** | – | **(8)** | (9) |
| Other | **–** | (1) | **–** | 1 | **–** | – |
| **Post-employment benefit obligations, December 31** | **(20,595)** | (19,295) | **(1,074)** | (1,138) | **(21,669)** | (20,433) |
| Fair value of plan assets, January 1 | **23,355** | 28,040 | **327** | 351 | **23,682** | 28,391 |
| Expected return on plan assets [2] | **1,195** | 875 | **17** | 11 | **1,212** | 886 |
| Actuarial gains (losses) [1] | **692** | (4,227) | **(6)** | (29) | **686** | (4,256) |
| Benefit payments | **(1,401)** | (1,366) | **(72)** | (70) | **(1,473)** | (1,436) |
| Employer contributions | **41** | 81 | **64** | 64 | **105** | 145 |
| Employee contributions | **8** | 9 | **–** | – | **8** | 9 |
| Transfers to DC plans | **(124)** | (57) | **–** | – | **(124)** | (57) |
| Other | **2** | – | **–** | – | **2** | – |
| **Fair value of plan assets, December 31** | **23,768** | 23,355 | **330** | 327 | **24,098** | 23,682 |
| Plan asset (deficit) | **3,173** | 4,060 | **(744)** | (811) | **2,429** | 3,249 |
| Effect of asset limit | **(719)** | (980) | **–** | – | **(719)** | (980) |
| Interest on effect of asset limit | **(53)** | (21) | **–** | – | **(53)** | (21) |
| **Post-employment benefit asset (liability), December 31** | **2,401** | 3,059 | **(744)** | (811) | **1,657** | 2,248 |
| Post-employment benefit assets | **2,935** | 3,559 | **–** | – | **2,935** | 3,559 |
| Post-employment benefit obligations | **(534)** | (500) | **(744)** | (811) | **(1,278)** | (1,311) |

(1) *Actuarial (losses) gains include experience gains of $734 million in 2023 and losses of ($4,729) million in 2022.*

(2) *The actual return (loss) on plan assets was $1,898 million or 8.8% in 2023 and ($3,370) million or (11.6%) in 2022.*

## Funded status of post-employment benefit plans

The following table shows the funded status of our post-employment benefit obligations.

| | Funded | | Partially funded [1] | | Unfunded [2] | | Total | |
|---|---|---|---|---|---|---|---|---|
| For the year ended December 31 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Present value of post-employment benefit obligations | **(20,004)** | (18,741) | **(1,453)** | (1,461) | **(212)** | (231) | **(21,669)** | (20,433) |
| Fair value of plan assets | **23,703** | 23,291 | **395** | 391 | **–** | – | **24,098** | 23,682 |
| Plan surplus (deficit) | **3,699** | 4,550 | **(1,058)** | (1,070) | **(212)** | (231) | **2,429** | 3,249 |
| Effect of asset limit | **(772)** | (1,001) | **–** | – | **–** | – | **(772)** | (1,001) |
| **Post-employment benefit asset (liability)** | **2,927** | 3,549 | **(1,058)** | (1,070) | **(212)** | (231) | **1,657** | 2,248 |

(1) *The partially funded plans consist of supplementary executive retirement plans (SERPs) for eligible employees and certain OPEBs. The company partially funds the SERPs through letters of credit and a retirement compensation arrangement account with Canada Revenue Agency. Certain paid-up life insurance benefits are funded through life insurance contracts.*

(2) *Our unfunded plans consist of certain OPEBs, which are paid as claims are incurred.*

## Significant assumptions

We used the following key assumptions to measure the post-employment benefit obligations and the net benefit plans cost for the DB pension plans and OPEB plans. These assumptions are long-term, which is consistent with the nature of post-employment benefit plans.

| | DB pension plans and OPEB plans | |
|---|---|---|
| For the year ended December 31 | 2023 | 2022 |
| Post-employment benefit obligations | | |
| Discount rate | **4.6%** | 5.3% |
| Rate of compensation increase | **2.25%** | 2.25% |
| Cost of living indexation rate (1) | **1.6%** | 1.6% |
| Life expectancy at age 65 (years) | **23.4** | 23.3 |

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

| | DB pension plans and OPEB plans | |
|---|---|---|
| For the year ended December 31 | 2023 | 2022 |
| Net post-employment benefit plans cost | | |
| Discount rate | **5.3%** | 3.4% |
| Rate of compensation increase | **2.25%** | 2.25% |
| Cost of living indexation rate (1) | **1.6%** | 1.6% |
| Life expectancy at age 65 (years) | **23.3** | 23.3 |

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

The weighted average duration of the post-employment benefit obligation is 12 years.

We assumed the following trend rates in healthcare costs:

- an annual increase in the cost of medication of 6.5% for 2023 decreasing to 4.0% over 20 years
- an annual increase in the cost of covered dental benefits of 4.5%
- an annual increase in the cost of covered hospital benefits of 3.7%
- an annual increase in the cost of other covered healthcare benefits of 4.5%

Assumed trend rates in healthcare costs have a significant effect on the amounts reported for the healthcare plans.

The following table shows the effect of a 1% change in the assumed trend rates in healthcare costs.

| Effect on post-employment benefits – increase/(decrease) | 1% increase | 1% decrease |
|---|---|---|
| Total service and interest cost | 3 | (3) |
| Post-employment benefit obligations | 64 | (47) |

### Sensitivity analysis

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

| | | Impact on net post-employment benefit plans cost for 2023 – increase/(decrease) | | Impact on post-employment benefit obligations at December 31, 2023 – increase/(decrease) | |
|---|---|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | (83) | 78 | (1,146) | 1,255 |
| Cost of living indexation rate | 0.5% | 55 | (46) | 1,007 | (822) |
| Life expectancy at age 65 | 1 year | 38 | (39) | 714 | (735) |

## Post-employment benefit plan assets

The investment strategy for the post-employment benefit plan assets is to maintain a diversified portfolio of assets invested in a prudent manner to maintain the security of benefits.

The following table shows the target allocations for 2023 and the allocation of our post-employment benefit plan assets at December 31, 2023 and 2022.

| | Weighted average target allocation | Total plan assets fair value | |
|---|---|---|---|
| Asset category | 2023 | December 31, 2023 | December 31, 2022 |
| Equity securities | **0%–40%** | **13%** | 15% |
| Debt securities | **50%–100%** | **55%** | 52% |
| Alternative investments | **0%–50%** | **32%** | 33% |
| **Total** | | **100%** | 100% |

The following table shows the fair value of the DB pension plan assets for each category.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| **Observable markets data** | | |
| Equity securities | | |
| Canadian | **858** | 824 |
| Foreign | **2,265** | 2,555 |
| Debt securities | | |
| Canadian | **10,284** | 9,904 |
| Foreign | **1,550** | 1,537 |
| Money market | **1,222** | 739 |
| **Non-observable markets inputs** | | |
| Alternative investments | | |
| Private equities | **831** | 1,017 |
| Hedge funds | **1,268** | 1,374 |
| Real estate and infrastructure | **4,221** | 4,297 |
| Private debt | **1,237** | 1,048 |
| Other | **32** | 60 |
| **Total** | **23,768** | 23,355 |

Equity securities included approximately $9 million of BCE common shares, or 0.04% of total plan assets, at December 31, 2023 and $11 million of BCE common shares, or 0.05% of total plan assets, at December 31, 2022.

Debt securities included approximately $92 million of Bell Canada debentures, or 0.39% of total plan assets, at December 31, 2023 and approximately $85 million of Bell Canada debentures, or 0.40% of total plan assets, at December 31, 2022.

Alternative investments included an investment in MLSE of $149 million, or 0.64% of total plan assets, at December 31, 2022. In 2023, BCE repurchased the Master Trust Fund's interest for cash consideration of $149 million. As such, the Master Trust Fund no longer has any investment in MLSE as at December 31, 2023.

The Bell Canada Pension Plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately $3 billion of post-employment benefit obligations. The fair value of the arrangement is included within other alternative investments.

## Cash flows

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods that are permitted by pension regulatory authorities. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service benefits. Changes in these factors could cause actual future contributions to differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future, which could have a negative effect on our liquidity and financial performance.

We contribute to the DC pension plans as employees provide service.

The following table shows the amounts we contributed to the DB and DC pension plans and the payments made to beneficiaries under OPEB plans.

| | DB plans | | DC plans | | OPEB plans | |
|---|---|---|---|---|---|---|
| For the year ended December 31 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Contributions/payments | **(41)** | (81) | **(11)** | (59) | **(64)** | (64) |

We expect to contribute approximately $45 million to our DB pension plans in 2024, subject to actuarial valuations being completed. We expect to contribute approximately $10 million to the DC pension plans and to pay approximately $60 million to beneficiaries under OPEB plans in 2024.

# NOTE 28 Other non-current liabilities

| For the year ended December 31 | Note | 2023 | 2022 |
|---|---|---|---|
| Provisions | 26 | **286** | 288 |
| Long-term disability benefits obligation | | **269** | 260 |
| Derivative liabilities | 29 | **607** | 191 |
| Joint venture obligation | 9, 20 | **252** | – |
| Other | | **303** | 331 |
| **Total other non-current liabilities** | | **1,717** | 1,070 |

# NOTE 29 Financial and capital management

## Financial management

Management's objectives are to protect BCE and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks, including credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk.

### Derivatives

We use derivative instruments to manage our exposure to foreign currency risk, interest rate risk and changes in the price of BCE common shares.

### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that may be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values may not be the net amounts that would be realized if these instruments were settled.

The carrying values of our cash, cash equivalents, short-term investments, trade and other receivables, trade payables and other liabilities, interest payable, dividends payable, notes payable and loans secured by receivables approximate fair value as they are short-term. The carrying value of wireless device financing plan receivables approximates fair value given that their average remaining duration is short and the carrying value is reduced by an allowance for doubtful accounts and an allowance for revenue adjustments. The carrying value of the Bell Mobility trade loans approximates fair value given their average remaining duration is short and they bear interest at a variable rate.

The following table provides the fair value details of other financial instruments measured at amortized cost in the statements of financial position.

| | | | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|---|
| | Classification | Fair value methodology | Note | Carrying value | Fair value | Carrying value | Fair value |
| Debt securities and other debt | Debt due within one year and long-term debt | Quoted market price of debt | 24, 25 | **29,049** | **28,225** | 25,061 | 23,026 |

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

| | | | | Fair value | | |
|---|---|---|---|---|---|---|
| | Classification | Note | Carrying value of asset (liability) | Quoted prices in active markets for identical assets (level 1) | Observable market data (level 2) [1] | Non-observable market inputs (level 3) [2] |
| **December 31, 2023** | | | | | | |
| Publicly-traded and privately-held investments [3] | Other non-current assets | 21 | **587** | **10** | **–** | **577** |
| Derivative financial instruments | Other current assets, trade payables and other liabilities, other non-current assets and liabilities | | **(488)** | **–** | **(488)** | **–** |
| Other | Other non-current assets and liabilities | | **147** | **–** | **216** | **(69)** |
| **December 31, 2022** | | | | | | |
| Publicly-traded and privately-held investments [3] | Other non-current assets | 21 | 215 | 9 | – | 206 |
| Derivative financial instruments | Other current assets, trade payables and other liabilities, other non-current assets and liabilities | | 72 | – | 72 | – |
| MLSE financial liability [4] | Trade payables and other liabilities | 23 | (149) | – | – | (149) |
| Other | Other non-current assets and liabilities | | 108 | – | 184 | (76) |

(1) *Observable market data such as equity prices, interest rates, swap rate curves and foreign currency exchange rates.*

(2) *Non-observable market inputs such as discounted cash flows and revenue and earnings multiples. For certain privately-held investments, changes in our valuation assumption relating to revenue and earnings multiples may result in a significant increase (decrease) in the fair value of our level 3 financial instruments.*

(3) *Unrealized gains and losses are recorded in* Other comprehensive (loss) income *in the statements of comprehensive income and are reclassified from* Accumulated other comprehensive loss *to the deficit in the statements of financial position when realized.*

(4) *Represented BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price. In January 2023, BCE repurchased the interest in MLSE held by the Master Trust Fund for a cash consideration of $149 million.*

## Credit risk

We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position.

We are exposed to credit risk if counterparties to our trade receivables, including wireless device financing plan receivables, and derivative instruments are unable to meet their obligations. The concentration of credit risk from our customers is minimized because we have a large and diverse customer base. There was minimal credit risk relating to derivative instruments at December 31, 2023 and 2022. We deal with institutions that have investment-grade credit ratings and we expect that they will be able to meet their obligations. We regularly monitor our credit risk and credit exposure, and consider, among other factors, the effects of changes in interest rates and inflation.

The following table provides the change in allowance for doubtful accounts for trade receivables.

| | Note | 2023 | 2022 |
|---|---|---|---|
| Balance, January 1 | | **(129)** | (136) |
| Additions | | **(126)** | (109) |
| Usage and reversals | | **137** | 116 |
| **Balance, December 31** | 12 | **(118)** | (129) |

In many instances, trade receivables are written off directly to bad debt expense if the account has not been collected after a predetermined period of time.

The following table provides further details on trade receivables, net of allowance for doubtful accounts.

| At December 31 | 2023 | 2022 |
|---|---|---|
| Trade receivables not past due | **3,158** | 3,215 |
| Trade receivables past due | | |
| Under 60 days | **421** | 434 |
| 60 to 120 days | **209** | 253 |
| Over 120 days | **53** | 71 |
| **Trade receivables, net of allowance for doubtful accounts** | **3,841** | 3,973 |

The following table provides the change in allowance for doubtful accounts for contract assets.

| | Note | 2023 | 2022 |
|---|---|---|---|
| Balance, January 1 | | **(19)** | (20) |
| Additions | | **(40)** | (20) |
| Usage and reversals | | **41** | 21 |
| **Balance, December 31** | | **(18)** | (19) |
| Current | | **(6)** | (7) |
| Non-current | | **(12)** | (12) |
| **Balance, December 31** | 14 | **(18)** | (19) |

## Liquidity risk

Our cash, cash equivalents, short-term investments, amounts available under our securitized receivables program, cash flows from operations and possible capital markets financing are expected to be sufficient to fund our operations and fulfill our obligations as they become due. Should our cash requirements exceed the above sources of cash, we would expect to cover such a shortfall by drawing on existing committed bank facilities and new ones, to the extent available.

The following table is a maturity analysis for recognized financial liabilities at December 31, 2023 for each of the next five years and thereafter.

| At December 31, 2023 | Note | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|---|---|---|
| Total debt, excluding lease liabilities | 25 | 2,172 | 2,690 | 1,609 | 1,742 | 2,120 | 19,337 | 29,670 |
| Lease liabilities [1] | 25 | 1,245 | 1,034 | 673 | 403 | 334 | 2,041 | 5,730 |
| Notes payable | 24 | 207 | – | – | – | – | – | 207 |
| Loan secured by receivables | 24 | 1,588 | – | – | – | – | – | 1,588 |
| Interest payable on long-term debt, notes payable and loan secured by receivables | | 1,301 | 1,133 | 1,060 | 1,019 | 962 | 10,548 | 16,023 |
| Net (receipts) payments on cross currency interest rate swaps and interest rate swaps | | (6) | 18 | (5) | (11) | (9) | (70) | (83) |
| **Total** | | **6,507** | **4,875** | **3,337** | **3,153** | **3,407** | **31,856** | **53,135** |

(1) *Includes imputed interest of $873 million.*

We are also exposed to liquidity risk for financial liabilities due within one year as shown in the statements of financial position.

## Market risk

### Currency exposures

In 2023, we entered into cross currency interest rate swaps with a notional amount of $360 million in U.S. dollars ($491 million in Canadian dollars) to hedge the U.S. currency exposure of outstanding loans maturing in 2025 under our Bell Mobility trade loan agreement. The fair value of the cross currency interest rate swaps at December 31, 2023 was a net liability of $15 million recognized in *Other current assets* and *Other non-current liabilities* in the statements of financial position. See Note 24, *Debt due within one year* and Note 25, *Long-term debt*, for additional details.

In 2023, we entered into cross currency interest rate swaps with a notional amount of $850 million in U.S. dollars ($1,138 million in Canadian dollars) to hedge the U.S. currency exposure of our US-8 Notes maturing in 2033. The fair value of the cross currency interest rate swaps at December 31, 2023 was a net liability of $37 million recognized in *Other current assets*, *Trade payables and other liabilities* and *Other non-current liabilities* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

In 2022, we entered into cross currency interest rate swaps with a notional amount of $750 million in U.S. dollars ($954 million in Canadian dollars) to hedge the U.S. currency exposure of our US-7 Notes maturing in 2052. In connection with these swaps, we settled the forward starting interest rate swaps and cross currency basis rate swaps entered into in 2021, each of which had a notional amount of $127 million. The fair value of the cross currency interest rate swaps at December 31, 2023 and December 31, 2022 was a liability of $132 million and $46 million, respectively, recognized in *Trade payables and other liabilities* and *Other non-current liabilities* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain of $28 million (loss of $100 million) recognized in net earnings at December 31, 2023 and a gain of $124 million (loss of $123 million) recognized in *Other comprehensive (loss) income* at December 31, 2023, with all other variables held constant.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the Philippine peso would result in a gain (loss) of $5 million recognized in *Other comprehensive (loss) income* at December 31, 2023, with all other variables held constant.

The following table provides further details on our outstanding foreign currency forward contracts and options as at December 31, 2023.

| Type of hedge | Buy currency | Amount to receive | Sell currency | Amount to pay | Maturity | Hedged item |
|---|---|---|---|---|---|---|
| Cash flow (1) | USD | 1,207 | CAD | 1,609 | 2024 | Loans |
| Cash flow | USD | 150 | CAD | 201 | 2024 | Commercial paper |
| Cash flow | USD | 624 | CAD | 790 | 2024 | Anticipated purchases |
| Cash flow | PHP | 2,885 | CAD | 69 | 2024 | Anticipated purchases |
| Cash flow | USD | 495 | CAD | 645 | 2025 | Anticipated purchases |
| Economic | USD | 210 | CAD | 277 | 2024 | Anticipated purchases |
| Economic – options (2) | USD | 175 | CAD | 225 | 2024 | Anticipated purchases |
| Economic – call options | USD | 244 | CAD | 327 | 2024 | Anticipated purchases |
| Economic – call options | CAD | 225 | USD | 156 | 2024 | Anticipated purchases |
| Economic – put options | USD | 519 | CAD | 675 | 2024 | Anticipated purchases |
| Economic | USD | 120 | CAD | 158 | 2025 | Anticipated purchases |
| Economic – options (2) | USD | 65 | CAD | 85 | 2025 | Anticipated purchases |
| Economic – call options | USD | 540 | CAD | 694 | 2025 | Anticipated purchases |
| Economic – put options | USD | 360 | CAD | 461 | 2025 | Anticipated purchases |

(1) *Forward contracts to hedge loans secured by receivables under our securitization program. See Note 24,* Debt due within one year, *for additional information.*
(2) *Foreign currency options with a leverage provision and a profit cap limitation.*

### Interest rate exposures

In 2023, we sold interest rate swaptions with a notional amount of $250 million to hedge economically the fair value of our Series M-53 MTN debentures and we sold interest rate swaptions with a notional amount of $425 million to hedge economically the floating interest rate exposure relating to these debentures. These swaptions matured unexercised. In 2023, we also entered into interest rate swaps with a notional amount of $125 million to hedge the fair value of our Series M-53 MTN debentures maturing in 2027. In 2022, we sold interest rate swaptions with a notional amount of $1,000 million to hedge economically the fair value of our Series M-53 MTN debentures. Swaptions of a notional amount of $500 million were exercised and the remaining swaptions matured unexercised. The resulting interest rate swaps of a notional amount of $500 million hedge the fair value of our Series M-53 MTN debentures. The fair value of the interest rate swaps at December 31, 2023 and 2022 was a net liability of $4 million and $14 million, respectively, recognized in *Trade payables and other liabilities*, *Other non-current assets* and *Other non-current liabilities* in the statements of financial position. A gain (loss) of $4 million and ($7) million for the year ended December 31, 2023 and 2022, respectively, relating to the interest rate swaptions is recognized in *Other expense* in the income statements. See Note 25, *Long-term debt*, for additional details.

In 2023, we entered into forward starting interest rate swaps, effective from 2024, with a notional amount of $700 million to hedge the fair value of our series M-62 MTN debentures maturing in 2029. The fair value of the interest rate swaps at December 31, 2023 was an asset of $22 million recognized in *Other current assets* and *Other non-current assets* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

In 2023, we sold interest rate swaptions with a notional amount of $375 million to hedge economically the fair value of our Series M-52 MTN debentures. These swaptions were exercised in 2023, giving rise to a loss of $1 million recognized in *Other expense* in the income statements. The resulting interest rate swaps with a notional amount of $375 million hedge the fair value of our Series M-52 MTN debentures maturing in 2030. In 2023, we also entered into additional interest rate swaps with a notional amount of $125 million to hedge the fair value of our Series M-52 MTN debentures. The fair value of the interest rate swaps at December 31, 2023 was a net asset of $12 million recognized in *Other current assets*, *Trade payables and other liabilities* and *Other non-current assets* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

In 2023, we sold interest rate swaptions with a notional amount of $125 million to hedge economically the fair value of our Series M-57 MTN debentures. These swaptions were exercised in 2023, giving rise to a loss of $2 million recognized in *Other expense* in the income statements. The resulting interest rate swaps with a notional amount of $125 million hedge the fair value of our Series M-57 MTN debentures maturing in 2032. In 2023, we also entered into additional interest rate swaps with a notional amount of $375 million to hedge the fair value of our Series M-57 MTN debentures. The fair value of the interest rate swaps at December 31, 2023 was a net asset of $24 million recognized in *Other current assets*, *Trade payables and other liabilities*, *Other non-current assets* and *Other non-current liabilities* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

In 2023, we entered into forward starting interest rate swaps, effective from 2028, with a notional amount of $125 million to hedge the fair value of our series M-59 MTN debentures maturing in 2053. In 2023, we also entered into forward starting interest rate swaps, effective from 2028, with a notional amount of $400 million to hedge the fair value of our series M-61 MTN debentures maturing in 2053. The fair value of the interest rate swaps at December 31, 2023 was an asset of $48 million recognized in *Other non-current assets* in the statements of financial position. See Note 25, *Long-term debt*, for additional details.

In 2023, we entered into an amortizing interest rate swap with an initial notional amount of $197 million, to hedge the interest rate exposure on other debt maturing in 2028. The fair value of the amortizing interest rate swap at December 31, 2023 was a net liability of $2 million recognized in *Other current assets* and *Other non-current liabilities* in the statements of financial position.

In 2022, we entered into cross currency basis rate swaps maturing in 2023 with a notional amount of $638 million to hedge economically the basis rate exposure on future debt issuances. In 2023, the maturity date of these cross currency basis rate swaps was extended to 2024 resulting in an increase in their notional amount to $644 million at December 31, 2023. The fair value of the cross currency basis rate swaps at December 31, 2023 and 2022 was a liability of $13 million and $33 million, respectively, recognized in *Trade payables and other liabilities* in the statements of financial position. A gain (loss) of $20 million and ($33) million for the year ended December 31, 2023 and 2022, respectively, relating to the basis rate swaps is recognized in *Other expense* in the income statements.

We use leveraged interest rate options to hedge economically the dividend rate resets on $582 million of our preferred shares which had varying reset dates in 2021 for the periods ending in 2026. The fair value of the leveraged interest rate options at December 31, 2023 and 2022 was nil and a liability of $1 million, respectively, recognized in *Trade payables and other liabilities* and *Other non-current liabilities* in the statements of financial position.

A 1% increase (decrease) in interest rates would result in a loss (gain) of $26 million recognized in net earnings at December 31, 2023, with all other variables held constant.

A 0.1% increase (decrease) in cross currency basis swap rates would result in a gain (loss) of $11 million recognized in net earnings at December 31, 2023, with all other variables held constant.

### Equity price exposures

We use equity forward contracts on BCE's common shares to hedge economically the cash flow exposure related to the settlement of equity settled share-based compensation plans. The fair value of our equity forward contracts at December 31, 2023 and December 31, 2022 was a net liability of $162 million and $48 million, respectively, recognized in *Other current assets*, *Trade payables and other liabilities*, *Other non-current assets* and *Other non-current liabilities* in the statements of financial position. A loss of $103 million and $53 million for the year ended December 31, 2023 and 2022, respectively, relating to the equity forward contracts is recognized in *Other expense* in the income statements. See Note 31, *Share-based payments*, for additional details.

A 5% increase (decrease) in the market price of BCE's common shares would result in a gain (loss) of $29 million recognized in net earnings at December 31, 2023, with all other variables held constant.

## Capital management

We have various capital policies, procedures and processes which are utilized to seek to achieve our objectives for capital management. These include optimizing our cost of capital and maximizing shareholder return while balancing the interests of our stakeholders.

Our definition of capital includes equity attributable to BCE shareholders, debt, cash, cash equivalents and short-term investments.

In 2023 and 2022, the key ratios that we used to monitor and manage our capital structure were a net debt leverage ratio (1) and an adjusted EBITDA to adjusted net interest expense ratio (2). In 2023 and 2022, our net debt leverage ratio target range was 2.0 to 2.5 times adjusted EBITDA and our adjusted EBITDA to adjusted net interest expense ratio target was greater than 7.5 times. At December 31, 2023, we had exceeded the limit of our internal net debt leverage ratio target range by 0.98 and exceeded our adjusted EBITDA to adjusted net interest expense ratio target by 0.56. Going forward, our objective is to see our net debt leverage ratio decline over time to be in the range of 3.0 times adjusted EBITDA. While currently in excess of this level, our net debt leverage ratio is still consistent with a strong balance sheet, ample financial flexibility and investment grade credit ratings. Additionally, given the correlation between adjusted EBITDA to adjusted net interest expense ratio and the net debt leverage ratio, we are simplifying our internal targets to reflect the net debt leverage ratio only and will not report against adjusted EBITDA to adjusted net interest expense in the future. We believe that this ratio is of less relative importance to our investors, lenders and other stakeholders as a measure of the strength of our capital structure.

(1) *Our net debt leverage ratio represents net debt divided by adjusted EBITDA. We define net debt as debt due within one year plus long-term debt and 50% of preferred shares, less cash, cash equivalents and short-term investments, as shown in our statements of financial position. For the purposes of calculating our net debt leverage ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA.*

(2) *Our adjusted EBITDA to adjusted net interest expense ratio represents adjusted EBITDA divided by adjusted net interest expense. We define adjusted net interest expense as twelve-month trailing net interest expense as shown in our statements of cash flows plus 50% of twelve-month trailing net earnings attributable to preferred shareholders as shown in our income statements. For the purposes of calculating our adjusted EBITDA to adjusted net interest expense ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA.*

We believe that certain investors and analysts use our net debt leverage ratio as a measure of financial leverage and health of the company.

The following table provides a summary of our key ratios.

| At December 31 | 2023 | 2022 |
|---|---|---|
| Net debt leverage ratio | **3.48** | 3.30 |
| Adjusted EBITDA to adjusted net interest expense ratio | **6.94** | 8.50 |

On February 7, 2024, the board of directors of BCE approved an increase of 3.1% in the annual dividend on BCE's common shares, from $3.87 to $3.99 per common share.

On February 1, 2023, the board of directors of BCE approved an increase of 5.2% in the annual dividend on BCE's common shares, from $3.68 to $3.87 per common share.

In Q4 2023, BCE renewed its normal course issuer bid program (NCIB) with respect to its First Preferred Shares. See Note 30, *Share capital*, for additional details.

# NOTE 30 Share capital

## Preferred shares

BCE's articles of amalgamation, as amended, provide for an unlimited number of First Preferred Shares and Second Preferred Shares, all without par value. The terms set out in the articles authorize BCE's directors to issue the shares in one or more series and to set the number of shares and the conditions for each series.

The following table provides a summary of the principal terms of BCE's First Preferred Shares as at December 31, 2023. There were no Second Preferred Shares issued and outstanding at December 31, 2023. BCE's articles of amalgamation, as amended, describe the terms and conditions of these shares in detail.

| Series | Annual dividend rate | Convertible into | Conversion date | Redemption date | Redemption price | Number of shares issued and outstanding | Stated capital December 31, 2023 | Stated capital December 31, 2022 |
|---|---|---|---|---|---|---|---|---|
| Q | floating | Series R | December 1, 2030 | At any time | $25.50 | – | **–** | – |
| R [1] | 3.018% | Series Q | December 1, 2025 | December 1, 2025 | $25.00 | 7,764,800 | **194** | 200 |
| S | floating | Series T | November 1, 2026 | At any time | $25.50 | 2,054,167 | **51** | 53 |
| T [1] | 4.99% | Series S | November 1, 2026 | November 1, 2026 | $25.00 | 5,301,633 | **132** | 146 |
| Y | floating | Series Z | December 1, 2027 | At any time | $25.50 | 6,451,752 | **161** | 175 |
| Z [1] | 5.346% | Series Y | December 1, 2027 | December 1, 2027 | $25.00 | 2,708,031 | **68** | 74 |
| AA [1] | 4.94% | Series AB | September 1, 2027 | September 1, 2027 | $25.00 | 11,482,631 | **293** | 312 |
| AB | floating | Series AA | September 1, 2027 | At any time | $25.50 | 6,918,839 | **176** | 195 |
| AC [1] | 5.08% | Series AD | March 1, 2028 | March 1, 2028 | $25.00 | 6,482,274 | **165** | 255 |
| AD | floating | Series AC | March 1, 2028 | At any time | $25.50 | 12,513,726 | **319** | 254 |
| AE | floating | Series AF | February 1, 2025 | At any time | $25.50 | 6,022,513 | **151** | 162 |
| AF [1] | 3.865% | Series AE | February 1, 2025 | February 1, 2025 | $25.00 | 9,076,087 | **227** | 237 |
| AG [1] | 3.37% | Series AH | May 1, 2026 | May 1, 2026 | $25.00 | 8,442,830 | **211** | 223 |
| AH | floating | Series AG | May 1, 2026 | At any time | $25.50 | 4,784,070 | **120** | 125 |
| AI [1] | 3.39% | Series AJ | August 1, 2026 | August 1, 2026 | $25.00 | 9,246,640 | **231** | 237 |
| AJ | floating | Series AI | August 1, 2026 | At any time | $25.50 | 4,118,260 | **103** | 111 |
| AK [1] | 3.306% | Series AL | December 31, 2026 | December 31, 2026 | $25.00 | 22,303,812 | **558** | 578 |
| AL [2] | floating | Series AK | December 31, 2026 | At any time | | 1,755,688 | **44** | 45 |
| AM [1] | 2.939% | Series AN | March 31, 2026 | March 31, 2026 | $25.00 | 10,183,378 | **233** | 239 |
| AN [2] | floating | Series AM | March 31, 2026 | At any time | | 1,035,822 | **24** | 24 |
| AO [3] | fixed | Series AP | | | | – | **–** | – |
| AP [3] | floating | Series AO | | | | – | **–** | – |
| AQ [1] | 6.538% | Series AR | September 30, 2028 | September 30, 2028 | $25.00 | 8,303,614 | **206** | 225 |
| AR [4] | floating | Series AQ | September 30, 2033 | At any time | | – | **–** | – |
| | | | | | | | **3,667** | 3,870 |

(1) *BCE may redeem each of these series of First Preferred Shares on the applicable redemption date and every five years thereafter.*

(2) *BCE may redeem Series AL and AN First Preferred Shares at $25.00 per share on December 31, 2026 and March 31, 2026, respectively, and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AL or AN First Preferred Shares at $25.50 per share on any date which is not a Series conversion date for the applicable series of First Preferred Shares.*

(3) *On March 31, 2022, BCE redeemed its 4,600,000 issued and outstanding Series AO First Preferred Shares with a stated capital of $118 million for a total cost of $115 million. The remaining $3 million was recorded to contributed surplus.*

(4) *If Series AR First Preferred Shares are issued on September 30, 2028, BCE may redeem such shares at $25.00 per share on September 30, 2033 and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AR Preferred Shares at $25.50 per share on any date which is not a Series conversion date for such series of First Preferred Shares.*

## Normal course issuer bid for BCE First Preferred Shares

On November 2, 2023, BCE announced the renewal of its NCIB to purchase for cancellation up to 10% of the public float of each series of BCE's outstanding First Preferred Shares that are listed on the Toronto Stock Exchange. The NCIB will extend up to November 8, 2024, or an earlier date should BCE complete its purchases under the NCIB.

In 2023, BCE repurchased and canceled 8,124,533 First Preferred Shares under its NCIB with a stated capital of $203 million for a total cost of $140 million. The remaining $63 million was recorded to contributed surplus.

Subsequent to year end, BCE repurchased and canceled 1,412,388 First Preferred Shares under its NCIB with a stated capital of $36 million for a total cost of $25 million. The remaining $11 million was recorded to contributed surplus.

On November 3, 2022, BCE announced the renewal of its NCIB to purchase for cancellation up to 10% of the public float of each series of BCE's outstanding First Preferred Shares that are listed on the Toronto Stock Exchange. The NCIB extended from November 9, 2022 to November 8, 2023.

In 2022, BCE repurchased and canceled 584,300 First Preferred Shares with a stated capital of $15 million for a total cost of $10 million. The remaining $5 million was recorded to contributed surplus.

## Voting rights

All of the issued and outstanding First Preferred Shares at December 31, 2023 are non-voting, except under special circumstances when the holders are entitled to one vote per share.

## Priority and entitlement to dividends

The First Preferred Shares of all series rank at parity with each other and in priority to all other shares of BCE with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding up of BCE.

Holders of Series R, T, Z, AA, AC, AF, AG, AI, AK, AM and AQ First Preferred Shares are entitled to fixed cumulative quarterly dividends. The dividend rate on these shares is reset every five years, as set out in BCE's articles of amalgamation, as amended.

Holders of Series S, Y, AB, AD, AE, AH and AJ First Preferred Shares are entitled to floating adjustable cumulative monthly dividends. The floating dividend rate on these shares is calculated every month, as set out in BCE's articles of amalgamation, as amended.

Holders of Series AL and AN First Preferred Shares are entitled to floating cumulative quarterly dividends. The floating dividend rate on these shares is calculated every quarter, as set out in BCE's articles of amalgamation, as amended.

Dividends on all series of First Preferred Shares are paid as and when declared by the board of directors of BCE.

## Conversion features

All of the issued and outstanding First Preferred Shares at December 31, 2023 are convertible at the holder's option into another associated series of First Preferred Shares on a one-for-one basis according to the terms set out in BCE's articles of amalgamation, as amended.

# Common shares and Class B shares

BCE's articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares, all without par value. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE is liquidated, dissolved or wound up, after payments due to the holders of preferred shares. No Class B shares were outstanding at December 31, 2023 and 2022.

The following table provides details about the outstanding common shares of BCE.

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | Note | Number of shares | Stated capital | Number of shares | Stated capital |
| Outstanding, January 1 | | **911,982,866** | **20,840** | 909,018,871 | 20,662 |
| Shares issued under deferred share plan | | **843** | **–** | 11,003 | 1 |
| Shares issued under employee stock option plan | 31 | **306,139** | **19** | 2,952,992 | 177 |
| Unclaimed shares [1] | | **(15,303)** | **–** | – | – |
| **Outstanding, December 31** | | **912,274,545** | **20,859** | 911,982,866 | 20,840 |

(1) *Represents unclaimed shares following the expiry of former Manitoba Telecom Services Inc. (MTS) shareholders' rights to receive BCE common shares in connection with the acquisition of MTS.*

## Contributed surplus

Contributed surplus in 2023 and 2022 includes premiums in excess of par value upon the issuance of BCE common shares and share-based compensation expense net of settlements.

# NOTE 31 Share-based payments

The following share-based payment amounts are included in the income statements as operating costs.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| ESP | **(29)** | (28) |
| RSUs/PSUs | **(62)** | (69) |
| DSUs and stock options | **(4)** | (4) |
| **Total share-based payments** | **(95)** | (101) |

## Description of the plans

### ESP

The ESP is designed to encourage employees of BCE and its participating subsidiaries to own shares of BCE. Employees can choose to have up to 12% of their eligible annual earnings withheld through regular payroll deductions for the purchase of BCE common shares. In some cases, the employer also contributes up to 2% of the employee's eligible annual earnings to the plan. Dividends are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares. Employer contributions to the ESP and related dividends are subject to employees holding their shares for a two-year vesting period.

The trustee of the ESP buys BCE common shares for the participants on the open market, by private purchase or from treasury. BCE determines the method the trustee uses to buy the shares.

At December 31, 2023, 4,360,087 common shares were authorized for issuance from treasury under the ESP. At December 31, 2023 and 2022, there were 1,077,613 and 1,028,161 unvested employer ESP contributions, respectively.

### RSUs/PSUs

RSUs/PSUs are granted to executives and other eligible employees. Dividends in the form of additional RSUs/PSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares. Executives and other eligible employees are granted a specific number of RSUs/PSUs for a given performance period based mainly on their level and position. RSUs/PSUs vest fully after three years of continuous employment from the date of grant and if performance objectives are met for certain PSUs, as determined by the board of directors.

The following table summarizes RSUs/PSUs outstanding at December 31, 2023 and 2022.

| Number of RSUs/PSUs | 2023 | 2022 |
|---|---|---|
| Outstanding, January 1 | **3,124,187** | 3,085,667 |
| Granted (1) | **1,125,502** | 1,016,211 |
| Dividends credited | **213,427** | 173,100 |
| Settled | **(957,402)** | (1,061,392) |
| Forfeited | **(92,902)** | (89,399) |
| **Outstanding, December 31** | **3,412,812** | 3,124,187 |
| **Vested, December 31 (2)** | **1,225,815** | 887,158 |

(1) *The weighted average fair value of the RSUs/PSUs granted was $61 in 2023 and $66 in 2022.*
(2) *The RSUs/PSUs vested on December 31, 2023 were fully settled in February 2024 with BCE common shares and/or DSUs.*

### DSUs

Eligible bonuses and RSUs may be paid in the form of DSUs when executives or other eligible employees elect or are required to participate in the plan. The value of a DSU at the issuance date is equal to the value of one BCE common share. For non-management directors, compensation is paid in DSUs until the minimum share ownership requirement is met; thereafter, at least 50% of their compensation is paid in DSUs. There are no vesting requirements relating to DSUs. Dividends in the form of additional DSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares. DSUs are settled when the holder leaves the company.

At December 31, 2023 and 2022, there were 3,573,182 and 3,321,167 DSUs outstanding, respectively.

### Stock options

Under BCE's long-term incentive plans, BCE may grant options to executives to buy BCE common shares. The subscription price of a grant is based on the higher of:

- the volume-weighted average of the trading price on the trading day immediately prior to the effective date of the grant
- the volume-weighted average of the trading price for the last five consecutive trading days ending on the trading day immediately prior to the effective date of the grant

At December 31, 2023, in addition to the stock options outstanding, 4,496,051 common shares were authorized for issuance under these plans. Options vest fully after three years of continuous employment from the date of grant. All options become exercisable when they vest and can be exercised for a period of seven years from the date of grant for options granted prior to 2019 and ten years from the date of grant for options granted since 2019.

The following table summarizes stock options outstanding at December 31, 2023 and 2022.

| | Note | 2023 Number of options | 2023 Weighted average exercise price ($) | 2022 Number of options | 2022 Weighted average exercise price ($) |
|---|---|---|---|---|---|
| Outstanding, January 1 | | **7,802,108** | **61** | 10,778,724 | 60 |
| Exercised [1] | 30 | **(306,139)** | **60** | (2,952,992) | 58 |
| Forfeited or expired | | **(11,408)** | **63** | (23,624) | 65 |
| **Outstanding, December 31** | | **7,484,561** | **61** | 7,802,108 | 61 |
| **Exercisable, December 31** | | **7,484,561** | **61** | 4,539,188 | 58 |

(1) *The weighted average market share price for options exercised was $63 in 2023 and $69 in 2022.*

The following table provides additional information about BCE's stock option plans at December 31, 2023 and 2022.

| | Stock options outstanding | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| Range of exercise prices | Number | Weighted average remaining life (years) | Weighted average exercise price ($) | Number | Weighted average remaining life (years) | Weighted average exercise price ($) |
| $50–$59 | **4,291,180** | **3** | **58** | 4,510,298 | 4 | 58 |
| $60 & above | **3,193,381** | **6** | **65** | 3,291,810 | 7 | 65 |
| | **7,484,561** | **4** | **61** | 7,802,108 | 5 | 61 |

# NOTE 32 Additional cash flow information

The following table provides a reconciliation of changes in assets and liabilities arising from financing activities.

| | Note | Debt due within one year and long-term debt | Derivative to hedge foreign currency on debt [1] | Dividends payable | Other liabilities [2] | Total |
|---|---|---|---|---|---|---|
| **January 1, 2023** | | **31,920** | **(307)** | **867** | **253** | **32,733** |
| Cash flows from (used in) financing activities | | | | | | |
| Decrease in notes payable | | **(646)** | **–** | **–** | **–** | **(646)** |
| Issue of long-term debt | | **5,195** | **–** | **–** | **–** | **5,195** |
| Repayment of long-term debt | | **(1,858)** | **–** | **–** | **–** | **(1,858)** |
| Repurchase of financial liability | | **–** | **–** | **–** | **(149)** | **(149)** |
| Cash dividends paid on common and preferred shares | | **–** | **–** | **(3,668)** | **–** | **(3,668)** |
| Cash dividends paid by subsidiaries to non-controlling interests | 36 | **–** | **–** | **(47)** | **–** | **(47)** |
| Other financing activities | | **(24)** | **–** | **–** | **–** | **(24)** |
| **Total cash flows from (used in) financing activities excluding equity** | | **2,667** | **–** | **(3,715)** | **(149)** | **(1,197)** |
| Non-cash changes arising from | | | | | | |
| Increase in lease liabilities | | **1,562** | **–** | **–** | **–** | **1,562** |
| Dividends declared on common and preferred shares | | **–** | **–** | **3,717** | **–** | **3,717** |
| Dividends declared by subsidiaries to non-controlling interests | | **–** | **–** | **47** | **–** | **47** |
| Effect of changes in foreign exchange rates | | **(169)** | **169** | **–** | **–** | **–** |
| Business acquisitions | 4 | **5** | **–** | **–** | **–** | **5** |
| Business disposition | 4 | **(93)** | **–** | **–** | **–** | **(93)** |
| Reclassification to liabilities held for sale | | **(7)** | **–** | **–** | **–** | **(7)** |
| Other | | **292** | **(15)** | **(6)** | **(26)** | **245** |
| **Total non-cash changes** | | **1,590** | **154** | **3,758** | **(26)** | **5,476** |
| **December 31, 2023** | | **36,177** | **(153)** | **910** | **78** | **37,012** |

(1) *Included in* Other current assets, Trade payables and other liabilities *and* Other non-current liabilities *in the statements of financial position.*
(2) *We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.*

| | Note | Debt due within one year and long-term debt | Derivative to hedge foreign currency on debt [1] | Dividends payable | Other liabilities [2] | Total |
|---|---|---|---|---|---|---|
| **January 1, 2022** | | 29,673 | 79 | 811 | 294 | 30,857 |
| Cash flows from (used in) financing activities | | | | | | |
| Increase in notes payable | | 42 | 69 | – | – | 111 |
| Issue of long-term debt | | 1,951 | – | – | – | 1,951 |
| Repayment of long-term debt | | (2,023) | – | – | – | (2,023) |
| Cash dividends paid on common and preferred shares | | – | – | (3,448) | – | (3,448) |
| Cash dividends paid by subsidiaries to non-controlling interests | 36 | – | – | (39) | – | (39) |
| Increase in securitized trade receivables | | 700 | – | – | – | 700 |
| Other financing activities | | (13) | – | – | (18) | (31) |
| **Total cash flows from (used in) financing activities excluding equity** | | 657 | 69 | (3,487) | (18) | (2,779) |
| Non-cash changes arising from | | | | | | |
| Increase in lease liabilities | | 1,008 | – | – | – | 1,008 |
| Dividends declared on common and preferred shares | | – | – | 3,508 | – | 3,508 |
| Dividends declared by subsidiaries to non-controlling interests | | – | – | 39 | – | 39 |
| Effect of changes in foreign exchange rates | | 437 | (437) | – | – | – |
| Business acquisitions | | 8 | – | – | – | 8 |
| Business disposition | | (14) | – | – | – | (14) |
| Other | | 151 | (18) | (4) | (23) | 106 |
| **Total non-cash changes** | | 1,590 | (455) | 3,543 | (23) | 4,655 |
| **December 31, 2022** | | 31,920 | (307) | 867 | 253 | 32,733 |

(1) *Included in* Other current assets, Other non-current assets *and* Trade payables and other liabilities *in the statements of financial position.*
(2) *We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.*

## NOTE 33 Remaining performance obligations

The following table shows revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at December 31, 2023.

| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Bell CTS | 3,019 | 1,713 | 765 | 375 | 171 | 482 | 6,525 |
| Bell Media | 35 | – | – | – | – | – | 35 |
| **Total** | **3,054** | **1,713** | **765** | **375** | **171** | **482** | **6,560** |

When estimating minimum transaction prices allocated to the remaining unfulfilled, or partially unfulfilled, performance obligations, BCE applied the practical expedient to not disclose information about remaining performance obligations that have an original expected duration of one year or less and for those contracts where we bill the same value as that which is transferred to the customer.

# NOTE 34 Commitments and contingencies

## Commitments

The following table is a summary of our contractual obligations at December 31, 2023 that are due in each of the next five years and thereafter.

| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Commitments for property, plant and equipment and intangible assets | 2,043 | 1,513 | 599 | 316 | 246 | 1,041 | 5,758 |
| Purchase obligations | 619 | 513 | 537 | 314 | 219 | 820 | 3,022 |
| Planned acquisition of OUTFRONT Media Inc. | 410 | – | – | – | – | – | 410 |
| Leases committed not yet commenced | 2 | 6 | – | – | – | – | 8 |
| **Total** | **3,074** | **2,032** | **1,136** | **630** | **465** | **1,861** | **9,198** |

Our commitments for property, plant and equipment and intangible assets include program and feature film rights and investments to expand and update our networks to meet customer demand.

Purchase obligations consist of contractual obligations under service and product contracts for operating expenditures and other purchase obligations.

Our commitments for leases not yet commenced include real estate, OOH advertising spaces and fibre use. These leases are non-cancellable.

On October 23, 2023, Bell Media announced it plans to acquire the Canadian OOH media business of OUTFRONT Media Inc. The transaction is valued at $410 million, subject to certain adjustments, and is expected to close in the first half of 2024, subject to regulatory approval and other closing conditions. The acquisition of the Canadian OOH media business of OUTFRONT Media Inc. is expected to support Bell Media's digital media strategy and to deliver impactful, multi-channel marketing solutions coast-to-coast. The results of the Canadian OOH business of OUTFRONT Media Inc. will be included in our Bell Media segment.

## Contingencies

As part of its ongoing review of wholesale Internet rates, on October 6, 2016, the CRTC significantly reduced, on an interim basis, some of the wholesale rates that Bell Canada and other major providers charge for access by third-party Internet resellers to fibre-to-the-node (FTTN) or cable networks, as applicable. On August 15, 2019, the CRTC further reduced the wholesale rates that Internet resellers pay to access network infrastructure built by facilities-based providers like Bell Canada, with retroactive effect back to March 2016.

The August 2019 decision was stayed, first by the Federal Court of Appeal and then by the CRTC, with the result that it never came into effect. In response to review and vary applications filed by each of Bell Canada, five major cable carriers (Cogeco Communications Inc., Bragg Communications Inc. (Eastlink), Rogers Communications Canada Inc., Shaw Communications Inc. and Videotron Ltée) and Telus Communications Inc., the CRTC issued Decision 2021-182 on May 27, 2021, which mostly reinstated the rates prevailing prior to August 2019 with some reductions to the Bell Canada rates with retroactive effect to March 2016. As a result, in Q2 2021, we recorded a reduction in revenue of $44 million in our income statements.

While there remains a requirement to refund monies to third-party Internet resellers, the establishment of final wholesale rates that are similar to those prevailing since 2019 reduces the impact of the CRTC's long-running review of wholesale Internet rates. The largest reseller, TekSavvy Solutions Inc. (TekSavvy), obtained leave to appeal the CRTC's decision of May 27, 2021 before the Federal Court of Appeal. Oral hearings are now complete and we are awaiting a decision of the court. The decision was also challenged in three petitions brought by TekSavvy, the Canadian Network Operators Consortium Inc. and National Capital Freenet before Cabinet, but on May 26, 2022, Cabinet announced it would not alter the decision.

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. In particular, because of the nature of our consumer-facing business, we are exposed to class actions pursuant to which substantial monetary damages may be claimed. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims and legal proceedings. Subject to the foregoing, and based on information currently available and management's assessment of the merits of the claims and legal proceedings pending at March 7, 2024, management believes that the ultimate resolution of these claims and legal proceedings is unlikely to have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

# NOTE 35 Related party transactions

## Subsidiaries

The following table shows BCE's significant subsidiaries at December 31, 2023. BCE has other subsidiaries which have not been included in the table as each represents less than 10% individually and less than 20% in aggregate of total consolidated revenues.

All of these significant subsidiaries are incorporated in Canada and provide services to each other in the normal course of operations. The value of these transactions is eliminated on consolidation.

| | Ownership percentage | |
|---|---|---|
| Subsidiary | 2023 | 2022 |
| Bell Canada | **100%** | 100% |
| Bell Mobility Inc. | **100%** | 100% |
| Bell Media Inc. | **100%** | 100% |

## Transactions with joint arrangements and associates

During 2023 and 2022, BCE provided communication services and received programming content and other services in the normal course of business on an arm's length basis to and from its joint arrangements and associates. Our joint arrangements and associates include MLSE, Glentel Inc. and Dome Productions Partnership. From time to time, BCE may be required to make capital contributions in its investments.

In 2023, BCE recognized revenues and incurred expenses with our joint arrangements and associates of $12 million (2022 – $10 million) and $200 million (2022 – $187 million), respectively.

## BCE Master Trust Fund

Bimcor Inc. (Bimcor), a wholly-owned subsidiary of Bell Canada, is the administrator of the Master Trust Fund. Bimcor recognized management fees of $15 million for 2023 and $13 million for 2022 from the Master Trust Fund. The details of BCE's post-employment benefit plans are set out in Note 27, *Post-employment benefit plans*.

## Compensation of key management personnel

The following table includes compensation of key management personnel for the years ended December 31, 2023 and 2022 included in our income statements. Key management personnel have the authority and responsibility for overseeing, planning, directing and controlling our business activities and consists of our Board of Directors and our Executive Leadership Team.

| For the year ended December 31 | 2023 | 2022 |
|---|---|---|
| Wages, salaries, fees and related taxes and benefits | **(28)** | (28) |
| Post-employment benefit plans and OPEBs cost | **(3)** | (4) |
| Share-based compensation | **(30)** | (38) |
| **Key management personnel compensation expense** | **(61)** | (70) |

# NOTE 36 Significant partly-owned subsidiary

The following tables show summarized financial information for our subsidiary with significant non-controlling interest (NCI).

## Summarized statements of financial position

| | CTV Specialty [1][2] | |
|---|---|---|
| For the year ended December 31 | 2023 | 2022 |
| Current assets | **466** | 400 |
| Non-current assets | **941** | 958 |
| **Total assets** | **1,407** | 1,358 |
| Current liabilities | **153** | 140 |
| Non-current liabilities | **239** | 246 |
| **Total liabilities** | **392** | 386 |
| **Total equity attributable to BCE shareholders** | **707** | 678 |
| **NCI** | **308** | 294 |

(1) *At December 31, 2023 and 2022, the ownership interest held by NCI in CTV Specialty Television Inc. (CTV Specialty) was 29.9%. CTV Specialty was incorporated and operated in Canada as at such dates.*

(2) *CTV Specialty's net assets at December 31, 2023 and 2022 include $7 million and $5 million, respectively, directly attributable to NCI.*

## Selected income and cash flow information

| | CTV Specialty [1] | |
|---|---|---|
| For the year ended December 31 | 2023 | 2022 |
| Operating revenues | **969** | 986 |
| Net earnings | **209** | 180 |
| Net earnings attributable to NCI | **65** | 57 |
| **Total comprehensive income** | **196** | 198 |
| Total comprehensive income attributable to NCI | **61** | 63 |
| **Cash dividends paid to NCI** | **47** | 39 |

(1) *CTV Specialty's net earnings and total comprehensive income include $3 million and $4 million directly attributable to NCI for 2023 and 2022, respectively.*

# Board of directors

As of March 7, 2024

**Gordon M. Nixon,** C.M., O.Ont.
ONTARIO, CANADA
Corporate Director
Chair of the Board,
BCE Inc. and Bell Canada
*Director since November 2014*

**Mirko Bibic**
ONTARIO, CANADA
President and
Chief Executive Officer,
BCE Inc. and Bell Canada
*Director since January 2020*

**David F. Denison,** FCPA, FCA
ONTARIO, CANADA
Corporate Director
*Director since October 2012*

**Robert P. Dexter**
NOVA SCOTIA, CANADA
Chair and
Chief Executive Officer,
Maritime Travel Inc.
*Director since November 2014*

**Katherine Lee**
ONTARIO, CANADA
Corporate Director
*Director since August 2015*

**Monique F. Leroux,** C.M., O.Q., FCPA, FCA
QUÉBEC, CANADA
Corporate Director
*Director since April 2016*

**Sheila A. Murray**
ONTARIO, CANADA
Corporate Director
*Director since May 2020*

**Louis P. Pagnutti,** FCPA, FCA
ONTARIO, CANADA
Corporate Director
*Director since November 2020*

**Calin Rovinescu,** C.M.
ONTARIO, CANADA
Corporate Director
*Director since April 2016*

**Karen Sheriff**
ONTARIO, CANADA
Corporate Director
*Director since April 2017*

**Robert C. Simmonds**
ONTARIO, CANADA
Chair,
Lenbrook Corporation
*Director since May 2011*

**Jennifer Tory,** C.M.
ONTARIO, CANADA
Corporate Director
*Director since April 2021*

**Louis Vachon,** C.M., O.Q.
QUÉBEC, CANADA
Operating Partner,
J.C. Flowers & Co.
*Director since October 2022*

**Johan Wibergh**
BARBADOS
Corporate Director
*Director since November 2023*

**Cornell Wright**
ONTARIO, CANADA
President,
Wittington Investments, Limited
*Director since April 2021*

## Committees of the Board

### Audit committee

L.P. Pagnutti *(Chair)*, K. Lee, M.F. Leroux, J. Tory, C. Wright

The audit committee assists the Board in the oversight of:

- the integrity of BCE's financial statements and related information
- BCE's compliance with applicable legal and regulatory requirements
- the independence, qualifications and appointment of the external auditors
- the performance of both the external and internal auditors
- management's responsibility for assessing and reporting on the effectiveness of internal controls
- BCE's risks as they relate to financial reporting.

### Corporate governance committee

M.F. Leroux *(Chair)*, D.F. Denison, K. Lee, K. Sheriff, R.C. Simmonds, C. Wright

The CGC assists the Board to:

- develop and implement BCE's corporate governance policies and guidelines
- identify individuals qualified to become members of the Board
- determine the composition of the Board and its committees
- determine the directors' compensation for Board and committee service
- develop and oversee a process to assess the Board, committees of the Board, the Chair of the Board, Chairs of committees, and individual directors
- oversee BCE's policies concerning business conduct, ethics, public disclosure of material information, AI governance and other matters
- oversee BCE's ESG strategy (including climate change strategy and climate-related matters, and supply chain labour issues), and its integration within BCE's overall business strategy, and disclosure.

### Management resources and compensation committee

D.F. Denison *(Chair)*, R.P. Dexter, S.A. Murray, C. Rovinescu, J. Tory, L. Vachon

The MRCC assists the Board in the oversight of:

- compensation, nomination, evaluation and succession of officers and other management personnel
- BCE's workplace policies and practices (including health and safety policies, policies ensuring a respectful workplace free from harassment, and policies ensuring a diverse and inclusive workplace)
- BCE's exposure to risk associated with its executive compensation and policies and identification of practices and policies to mitigate such risk.

### Risk and pension fund committee

C. Rovinescu *(Chair)*, R.P. Dexter, S.A. Murray, L.P. Pagnutti, K. Sheriff, R.C. Simmonds, L. Vachon

The RPFC assists the Board in the oversight of:

- BCE's enterprise risk governance framework and the policies, procedures and controls management uses to evaluate and manage key risks to which BCE is exposed
- BCE's exposure to key risks, except for risks that remain the primary responsibility of another committee of the Board
- the administration, funding and investment of BCE's pension plans and funds
- the unitized pooled funds sponsored by BCE for the collective investment of the funds and the participant subsidiaries' pension funds.

# Executives

As of March 7, 2024

**Mirko Bibic**
President and Chief Executive Officer
BCE Inc. and Bell Canada

**Sean Cohan**
President, Bell Media
Bell Canada

**Stephen Howe**
Chief Technology and Information Officer
Bell Canada

**Blaik Kirby**
Group President, Consumer and
Small & Medium Business (SMB)
Bell Canada

**Devorah Lithwick**
Senior Vice President and Chief Brand Officer
Bell Canada

**Robert Malcolmson**
Executive Vice President and
Chief Legal & Regulatory Officer
BCE Inc. and Bell Canada

**Curtis Millen**
Executive Vice President and
Chief Financial Officer
BCE Inc. and Bell Canada

**Nikki Moffat**
Executive Vice President, Corporate Services and
Chief Human Resources Officer
BCE Inc. and Bell Canada

**Karine Moses**
Senior Vice President, Content Development &
News and Vice Chair, Québec
Bell Canada

**John Watson**
Group President, Business Markets,
Customer Experience and AI
Bell Canada

# Investor information

## Share facts

### Symbol

BCE

### Listings

TSX and NYSE stock exchanges

You will find a summary of the differences between our governance practices and the NYSE corporate governance rules in the Governance section of our website at BCE.ca.

### Common shares outstanding

December 31, 2023 – 912,274,545

### Quarterly dividend*

$0.9975 per common share

### 2024 dividend schedule*

| Record date | Payment date** |
|---|---|
| March 15, 2024 | April 15, 2024 |
| June 14, 2024 | July 15, 2024 |
| September 16, 2024 | October 15, 2024 |
| December 16, 2024 | January 15, 2025 |

* *Subject to dividends being declared by the board of directors.*

** *When a dividend payment date falls on a date that is not a business day, the payment is made on the following business day.*

### 2024 quarterly earnings release dates

| | |
|---|---|
| First quarter | May 2, 2024 |
| Second quarter | August 1, 2024 |
| Third quarter | November 7, 2024 |
| Fourth quarter | February 6, 2025 |

Quarterly and annual reports as well as other corporate documents can be found on our website. Copies can be requested from the Investor Relations group.

## Tax aspects

**Shareholders are required to pay tax on dividends received as well as on capital gains they realize, if any, when they sell their shares or are deemed to have sold them.**

### The sale or disposition of your shares could trigger a capital gain

**IMPORTANT: If you received Nortel Networks common shares in May 2000 and/or Bell Aliant Regional Communications Income Fund units in July 2006, you should contact the Investor Relations group to learn more about the tax implications of these plans of arrangement and the impact on the calculation of your cost, or visit BCE.ca.**

### Dividends

Since January 1, 2006 and unless stated otherwise, dividends paid by BCE Inc. to Canadian residents are eligible dividends as per the *Canadian Income Tax Act*. Since March 24, 2006 and unless stated otherwise, dividends paid by BCE Inc. to Québec residents also qualify as eligible dividends.

### Non-residents of Canada

Dividends paid or credited to non-residents of Canada are subject to a 25% withholding tax unless reduced by a tax treaty. Under current tax treaties, U.S. and U.K. residents are subject to a 15% withholding tax.

Beginning in 2012, the Canada Revenue Agency introduced new rules requiring residents of any country with which Canada has a tax treaty to certify that they reside in that country and are eligible to have Canadian non-resident tax withheld on the payment of their dividends at the tax treaty rate. Registered shareholders should have completed the Declaration of Eligibility for Benefits under a Tax Treaty for a Non-Resident Taxpayer and returned it to the transfer agent.

### U.S. Residents

In addition to the Declaration of Eligibility for Benefits under a Tax Treaty for a Non-Resident Taxpayer mentioned above, we are required to solicit taxpayer identification numbers and Internal Revenue Service (IRS) Form W-9 certifications of residency from certain U.S. residents. If these have not been received, we may be required to deduct the IRS's specified backup withholding tax. For more information, please contact the transfer agent or the Investor Relations group.

# Shareholder services

## Dividend reinvestment and stock purchase plan (DRP)

A convenient method for eligible shareholders to reinvest their dividends and make optional cash contributions to purchase additional common shares without brokerage costs.

## Dividend direct deposit service

Avoid postal delays and trips to the bank by subscribing to the dividend direct deposit service.

## Direct registration (DRS)

### Holding your shares electronically in lieu of share certificates

Holdings are represented by a statement issued when establishing or subsequently modifying your DRS balance. This option removes the risks of holding share certificates, including their safekeeping, and most importantly, eases the replacement process. Note that there is a cost to replace lost or stolen certificates as well as certificates mailed and never received by the shareholder (if claimed later than one year after mailing). Generally, this cost is a percentage of the value of the shares represented.

## E-delivery service

Enrol in the e-delivery service to receive the proxy material, the annual financial report and/or quarterly reports by e-mail. By doing so, you will receive your documents faster and in an environmentally friendly manner while helping your company reduce its costs.

## Duplicate mailings

Eliminate duplicate mailings by consolidating your accounts.

## Manage your shareholder account

Enrol in *Investor Central* at tsxtrust.com/issuer-investor-login and benefit from a wide variety of self-service tools to help track and manage your shares.

For further details on any of these services, registered shareholders (shares are registered under your name) must contact the transfer agent. Non-registered shareholders must contact their brokers.

# Contact information

## Transfer agent and registrar

For information on shareholder services or any other inquiries regarding your account (including stock transfer, address change, lost certificates and tax forms), contact:


TSX Trust Company
301 – 100 Adelaide St. West
Toronto, Ontario  M5H 4H1

e-mail bce@tmx.com

tel 416 682-3861 or 1 800 561-0934
(toll free in Canada and the U.S.)

fax 514 985-8843 or 1 888 249-6189
(toll free in Canada and the U.S.)

website tsxtrust.com


## Investor relations

**For financial inquiries**: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Building A, 8th Floor
Verdun, Québec  H3E 3B3

e-mail investor.relations@bce.ca

tel 1 800 339-6353

fax 514 786-3970

or visit the Investors section
of our website at BCE.ca

BCE.CA