

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 40-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2022**

Commission File Number: **1-8481**

**BCE INC.**

*(Exact name of Registrant as specified in its charter)*

**Canada**

*(Province or other jurisdiction of incorporation or organization)*

**4813**

*(Primary Standard Industrial Classification Code Number (if applicable))*

**98-0134477**

*(I.R.S. Employer Identification Number (if applicable))*

**1, carrefour Alexander-Graham-Bell, Building A, 7th Floor,  
Verdun, Québec, Canada H3E 3B3, (514) 870-8777**

*(Address and telephone number of Registrant's principal executive offices)*

**CT Corporation System, 28 Liberty St., New York, New York 10005, (212) 894-8940**

*(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)*

Copies of all correspondence should be sent to:

Martin Cossette  
Vice-President, Corporate Strategy and Corporate  
Secretary  
BCE Inc.  
1, carrefour Alexander-Graham-Bell  
Building A, 7th Floor  
Verdun, Québec H3E 3B3  
Canada  
Tel: (514) 786-8424

Donald R. Crawshaw  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004-2498  
Tel: (212) 558-4000

---

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common shares</b>	<b>BCE</b>	<b>New York Stock Exchange</b>

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

Annual Information Form  Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares	911,982,866
First Preferred Shares	
Series R	7,992,000
Series S	2,125,067
Series T	5,820,633
Series Y	7,009,252
Series Z	2,973,348
Series AA	12,254,761
Series AB	7,664,939
Series AC	10,007,791
Series AD	9,951,109
Series AE	6,460,913
Series AF	9,472,387
Series AG	8,921,530
Series AH	4,987,870
Series AI	9,477,640
Series AJ	4,454,760
Series AK	23,119,512
Series AL	1,797,188
Series AM	10,422,778
Series AN	1,052,822
Series AQ	<u>9,108,800</u>
Total First Preferred Shares	155,075,100

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes:  No:

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes:  No:

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

<sup>†</sup> The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

## **PRIOR FILINGS MODIFIED AND SUPERSEDED**

The annual report on Form 40-F of BCE Inc. (“BCE”) for the year ended December 31, 2022, at the time of filing with the U.S. Securities and Exchange Commission (the “SEC” or “Commission”), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the Exchange Act for purposes of any offers or sales of any securities after the date of such filing pursuant to any registration statement or prospectus filed pursuant to the *Securities Act of 1933* which incorporates by reference such annual report on Form 40-F.

## **ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **A. Annual Audited Consolidated Financial Statements**

The BCE annual audited consolidated financial statements for the year ended December 31, 2022 (the “BCE 2022 Financial Statements”) are contained in Exhibit 99.3 and are incorporated herein by reference.

### **B. Management’s Discussion and Analysis**

BCE management’s discussion and analysis for the year ended December 31, 2022 (the “BCE 2022 MD&A”) is contained in Exhibit 99.2 and is incorporated herein by reference.

## **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 or 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 Chief Executive Officer (“CEO”) and Executive Vice-President and Chief Financial Officer (“CFO”), to allow timely decisions regarding required disclosure.

As at December 31, 2022, 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 Exchange Act, 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, 2022.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

### **A. Management’s report on internal control over financial reporting**

The report of BCE’s management entitled “Management’s report on internal control over financial reporting” is contained in Exhibit 99.4 and is incorporated herein by reference.

### **B. Auditors’ report on internal control over financial reporting**

The report of independent registered public accounting firm concerning the effectiveness of BCE’s internal control over financial reporting is contained in Exhibit 99.4 and is incorporated herein by reference.

### C. Changes in internal control over financial reporting

There have been no changes during the year ended December 31, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### STATEMENT REGARDING CONTROLS AND PROCEDURES

There can be no assurance that our disclosure controls and procedures will detect or uncover all failures to disclose all material information otherwise required to be set forth in our disclosure. Furthermore, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Accordingly, BCE does not expect that BCE's internal control over financial reporting will prevent or detect all errors and all fraud. BCE will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.

#### AUDIT COMMITTEE FINANCIAL EXPERT

In respect of the current members of BCE's Audit Committee ("Audit Committee"), the board of directors of BCE determined that the current Chair of the Audit Committee, Mr. L.P. Pagnutti, as well as Ms. K. Lee and Ms. M.F. Leroux are qualified as "audit committee financial experts", and that all members of the Audit Committee are independent under the listing standards of the New York Stock Exchange.

#### CODE OF ETHICS

All employees, directors and officers must follow Bell Canada's Code of Business Conduct (the "Code of Conduct"), which provides guidelines for ethical behaviour. The Code of Conduct includes additional guidelines for executive officers and management, including the CEO, CFO, Controller and Treasurer. The Code of Conduct is available in the governance section of BCE's website at BCE.ca and will be provided in print at no charge to any person who sends a written request by mail to BCE Inc. addressed to the Corporate Secretary, at 1, carrefour Alexander-Graham-Bell, Building A, 7th Floor, Verdun, Québec, Canada H3E 3B3.

In 2022, amendments were made to the Code of Conduct in order to:

- update the section entitled *Objectives* to include the efficient use of energy and other resources;
- add a new section entitled *Human Rights* to clarify obligations relating to BCE's human rights policy;
- update the section entitled *Business Gifts & Entertainment* to clarify and update certain of its content, including restrictions relating to public officials and public sector events/activities;
- add a new section entitled *Considerations in Foreign Jurisdictions* to clarify obligations related to dealings in or with foreign jurisdictions;
- update the section entitled *Insider Trading* to clarify obligations relating to undisclosed material information and update the recommended trading window;
- update the section entitled *Employee Privacy* to clarify safeguards surrounding personal information;
- add a new section entitled *Confidential Game or Event Information* to clarify obligations relating to confidential information about a game or event;
- update the sections entitled *Safeguarding Bell Assets* and *Visible ID* to clarify obligations relating to physical security safeguards; and
- update the section entitled *Environmental Leadership* to include measures supporting our environmental objectives.

In addition to these changes, certain other technical, administrative and non-substantive amendments were made to the Code of Conduct.

A copy of the Code of Conduct, as amended, has been posted on BCE's website at BCE.ca.

#### **PRINCIPAL ACCOUNTANT FEES AND SERVICES**

A brief description of our pre-approval policies and procedures and information about fees and services billed to us by our principal accountant, Deloitte LLP (PCAOB ID No. 1208) can be found under the sections entitled "Pre-approval policies and procedures" and "External auditors' fees" on page 37 of our Annual Information Form contained in Exhibit 99.1, which sections are incorporated by reference in this annual report on Form 40-F.

In 2022 and 2021, no audit-related, tax or other services were submitted to BCE's Audit Committee for approval pursuant to the pre-approval requirement waiver provision set out in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

Please see the sections entitled "Contractual obligations" and "Indemnifications and guarantees (off-balance sheet)" on page 79 of the BCE 2022 MD&A contained in Exhibit 99.2 (which sections are incorporated by reference in this annual report on Form 40-F) for a discussion of certain off-balance sheet arrangements.

#### **IDENTIFICATION OF THE AUDIT COMMITTEE**

BCE has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. BCE's Audit Committee is comprised of five independent members: Mr. L.P. Pagnutti (Chair), Ms. K. Lee, Ms. M.F. Leroux, Ms. J. Tory and Mr. C. Wright.

#### **MINE SAFETY DISCLOSURE**

Not applicable.

#### **UNDERTAKING**

BCE undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file this annual report on Form 40-F arises or transactions in said securities.

#### **WEBSITE INFORMATION**

Notwithstanding any reference to BCE's website or other websites on the World Wide Web in this annual report on Form 40-F or in the documents attached as Exhibits hereto, the information contained in BCE's website or any other site on the World Wide Web referred to in this annual report on Form 40-F or in the documents attached as Exhibits hereto, or referred to in BCE's website, is not a part of this annual report on Form 40-F and, therefore, is not filed with the Commission.

#### **SUMMARY OF SIGNIFICANT DIFFERENCES FROM NYSE CORPORATE GOVERNANCE RULES**

A summary of significant differences between corporate governance practices followed by BCE and corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange's Listing Standards (disclosure required by section 303A.11 of the NYSE Listed Company Manual) is available in the governance section of BCE's website at BCE.ca.

## SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

### **BCE Inc.**

By: (signed) Glen LeBlanc

Glen LeBlanc  
Executive Vice-President  
and Chief Financial Officer

Date: March 3, 2023

LIST OF EXHIBITS  
TO FORM 40-F

Annual Information Form of BCE Inc. for the year ended December 31, 2022	Exhibit 99.1
Management's Discussion and Analysis of BCE Inc. for the year ended December 31, 2022	Exhibit 99.2
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2022	Exhibit 99.3
Management's report on internal control over financial reporting and the Report of Independent Registered Public Accounting Firm thereon	Exhibit 99.4
Consent of Independent Registered Public Accounting Firm	Exhibit 99.5
Bell Canada Unaudited Selected Summary Financial Information	Exhibit 99.6
Exhibit to 2022 Annual Financial Statements – Earnings Coverage	Exhibit 99.7
Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit 99.31
Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit 99.32
Interactive Data File	Exhibit 101
Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Exhibit 104



Better

connectivity  
environment  
security  
network  
service  
technology  
education  
growth  
workplace  
communities  
mental health  
content  
world  
value  
investments  
opportunities

ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED DECEMBER 31, 2022  
MARCH 2, 2023

**BCE**

In this Annual Information Form, *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.

Each section of BCE's 2020, 2021 and 2022 management's discussion and analysis (BCE 2020 MD&A, BCE 2021 MD&A and BCE 2022 MD&A, respectively) and each section of BCE's 2022 consolidated financial statements referred to in this Annual Information Form is incorporated by reference herein. No other document shall be considered to be incorporated by reference in this Annual Information Form. The BCE 2020 MD&A, BCE 2021 MD&A, BCE 2022 MD&A and BCE 2022 consolidated financial statements have been filed with the Canadian provincial securities regulatory authorities (available at [sedar.com](https://www.sedar.com)) and with the United States (U.S.) Securities and Exchange Commission (SEC) as exhibits to BCE's annual reports on Form 40-F (available at [sec.gov](https://www.sec.gov)). They are also available on BCE's website at [BCE.ca](https://www.bce.ca).

Unless otherwise indicated herein, documents and other information contained in BCE's website or in any other site referred to in BCE's website or in this Annual Information Form are not part of this Annual Information Form and are not incorporated by reference herein. In particular, but without limitation, BCE's integrated annual report for the year ended December 31, 2022 and BCE's TCFD Report on Climate-Related Risks and Opportunities are not part of this Annual Information Form and are not incorporated by reference herein.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this Annual Information Form is as of March 2, 2023, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

# Table of contents

	Annual information form	Parts of MD&A and financial statements incorporated by reference (references are to pages of the BCE 2022 Annual Financial Report, except where otherwise indicated)
<b>1</b>	<b><a href="#">Caution regarding forward-looking statements</a></b>	2 32; 38; 66; 68; 91-100
<b>2</b>	<b><a href="#">Corporate structure</a></b>	4
2.1	<a href="#">Incorporation and registered office</a>	4
2.2	<a href="#">Subsidiaries</a>	4
<b>3</b>	<b><a href="#">Description of our business</a></b>	5
3.1	<a href="#">General summary</a>	5 14-18; 46; 54; 58; 65-66; 68; 85
3.2	<a href="#">Strategic imperatives</a>	6 33-36
3.3	<a href="#">Competitive strengths</a>	7 34
3.4	<a href="#">Marketing and distribution channels</a>	11
3.5	<a href="#">Transformation of our networks, systems and processes</a>	12
3.6	<a href="#">Networks</a>	12
3.7	<a href="#">Employees</a>	15
3.8	<a href="#">Corporate responsibility</a>	15 22-32
3.9	<a href="#">Competitive environment</a>	20 39-43; 55-56; 60-61; 63-64; 67; 69
3.10	<a href="#">Regulatory environment</a>	20 86-90
3.11	<a href="#">Intangible properties</a>	20
<b>4</b>	<b><a href="#">General development of our business – three-year history</a></b>	21
4.1	<a href="#">Transactions</a>	21
4.2	<a href="#">Corporate developments</a>	22 18-21; 33-36; 38-42 <sup>(1)</sup> ; 51-54 <sup>(1)</sup> ; 38-41 <sup>(2)</sup> ; 49-53 <sup>(2)</sup>
4.3	<a href="#">Regulatory environment</a>	22 86-90; 103-106 <sup>(1)</sup> ; 99-102 <sup>(2)</sup>
<b>5</b>	<b><a href="#">Our capital structure</a></b>	23
5.1	<a href="#">BCE securities</a>	23 157-158
5.2	<a href="#">Bell Canada debt securities</a>	24 147-148
5.3	<a href="#">Credit ratings</a>	25
5.4	<a href="#">Trading of our securities</a>	28
<b>6</b>	<b><a href="#">Dividends and dividend payout policy</a></b>	30 19-21; 105-110
<b>7</b>	<b><a href="#">Our directors and executive officers</a></b>	31
7.1	<a href="#">Directors</a>	31
7.2	<a href="#">Executive officers</a>	32
7.3	<a href="#">Directors' and executive officers' share ownership</a>	32
<b>8</b>	<b><a href="#">Legal proceedings</a></b>	33
<b>9</b>	<b><a href="#">Interest of management and others in material transactions</a></b>	35
<b>10</b>	<b><a href="#">Interest of experts</a></b>	35
<b>11</b>	<b><a href="#">Transfer agent and registrar</a></b>	35
<b>12</b>	<b><a href="#">For more information</a></b>	35
<b>13</b>	<b><a href="#">Schedule 1 – Audit Committee information</a></b>	36
<b>14</b>	<b><a href="#">Schedule 2 – Audit Committee charter</a></b>	38

(1) References to parts of the BCE 2021 MD&A contained in BCE's annual report for the year ended December 31, 2021 (BCE 2021 Annual Report).

(2) References to parts of the BCE 2020 MD&A contained in BCE's annual report for the year ended December 31, 2020 (BCE 2020 Annual Report).

# 1 Caution regarding forward-looking statements

Certain statements made in this Annual Information Form are forward-looking statements. These statements include, without limitation, statements relating to BCE's dividend growth objective and 2023 annualized common share dividend and dividend payout ratio level, BCE's network deployment and capital investment plans and the benefits expected to result therefrom, our objectives concerning carbon abatement enablement and greenhouse gas (GHG) emissions reduction, including our objective for carbon neutral operations starting in 2025 and to achieve science-based targets (SBTs) by 2026 or 2030, as applicable, our 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* 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 U.S. *Private Securities Litigation Reform Act of 1995*.

Unless otherwise indicated by us, forward-looking statements in this Annual Information Form describe our expectations as at March 2, 2023 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 Annual Information Form 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.

Subject to various factors including, without limitation, the future impacts of general economic conditions, of the COVID-19 pandemic and of geopolitical events, which are difficult to predict, we believe that the assumptions on which the forward-looking statements made in this Annual Information Form are based were reasonable at March 2, 2023. Refer in particular to the sub-sections of the BCE 2022 MD&A entitled *Assumptions* on pages 32, 38, 66 and 68 of BCE's annual financial report for the year ended December 31, 2022 (BCE 2022 Annual Financial Report) for a discussion of certain key economic, market, operational and other assumptions we have made in preparing forward-looking statements. 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 Annual Information Form include, but are not limited to: the negative effect of adverse economic conditions, including a potential recession, and related inflationary cost pressures, higher interest rates and financial and capital market volatility; the negative effect of adverse conditions associated with the COVID-19 pandemic and geopolitical events; a declining level of business and consumer spending, and the resulting negative impact on the demand for, and prices of, our products and services; regulatory initiatives, proceedings and decisions, government consultations and government positions that 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; higher Canadian smartphone penetration and reduced or slower immigration flow; 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 effective data governance; the failure to evolve and transform our networks, systems and operations using next-generation technologies while lowering our cost structure; the inability to drive a positive customer

## 1 Caution regarding forward-looking statements

experience; the failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives; the failure to adequately manage health and safety concerns; labour disruptions and shortages; the failure to maintain operational networks; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the inability to maintain service consistency due to network failures or slowdowns, the failure of other infrastructure, or disruptions in the delivery of services; service interruptions or outages due to legacy infrastructure and the possibility of instability as we transition towards converged wireline and wireless networks and newer technologies; the failure by us, or by other telecommunications carriers on which we rely to provide services, to complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which could disrupt our operations including through network or other infrastructure failures; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, IT systems, equipment and other facilities; the complexity of our operations; the failure to implement or maintain highly effective processes and information technology (IT) systems; in-orbit and other operational risks to which the satellites used to provide our satellite television (TV) services are subject; 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 environmental, social and governance (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 strong corporate governance practices; various internal and external factors could challenge our ability to achieve our ESG targets including, without limitation, those related to GHG emissions reduction and diversity, equity, inclusion and belonging; 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 by BCE's board of directors (BCE Board) or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; the failure to reduce costs, as well as unexpected increases in costs; 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; and pension obligation volatility and increased contributions to post-employment benefit plans.

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 Annual Information Form and the BCE 2022 MD&A and, in particular, in section 9, *Business risks* of the BCE 2022 MD&A, on pages 91 to 100 of the BCE 2022 Annual Financial Report.

Forward-looking statements contained in this Annual Information Form for periods beyond 2023 involve longer-term assumptions and estimates than forward-looking statements for 2023 and are consequently subject to greater uncertainty. In particular, our GHG emissions reduction and supplier engagement targets are based on a number of assumptions including, without limitation, the following principal assumptions: 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 increase our anticipated levels of GHG emissions; our ability to purchase sufficient credible carbon credits and renewable energy certificates to offset or further reduce our GHG emissions, if and when required; 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 SBTs pursuant to the Science Based Targets initiative (SBTi) methodology that would make the achievement of our updated SBTs more onerous or unachievable in light of business requirements; and sufficient supplier engagement and collaboration in setting their own SBTs, no significant change in the allocation of our spend by supplier and sufficient collaboration with partners in reducing their own GHG emissions.

Forward-looking statements for periods beyond 2023 further assume, unless otherwise indicated, that the risks described above and in section 9, *Business risks* of the BCE 2022 MD&A will remain substantially unchanged during such periods, except for an assumed improvement in the risks related to the COVID-19 pandemic in future years.

We caution readers that the risks described above 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 2, 2023. 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.

## 2 Corporate structure

### 2.1 Incorporation and registered office

BCE Inc. was incorporated in 1970 and was continued under the *Canada Business Corporations Act* in 1979. It is governed by a certificate and articles of amalgamation dated August 1, 2004, as amended by: (a) a certificate and articles of arrangement dated July 10, 2006 to implement a plan of arrangement providing for the distribution by BCE Inc. to its shareholders of units in the Bell Aliant Regional Communications Income Fund and to consolidate outstanding BCE Inc. common shares; (b) a certificate and articles of amendment dated January 25, 2007 to implement a plan of arrangement providing for

the exchange of Bell Canada preferred shares for BCE Inc. preferred shares; (c) a certificate and articles of amendment dated June 29, 2011 to create two additional series of BCE Inc. Cumulative Redeemable First Preferred Shares (first preferred shares or Preferred Shares); and (d) certificates and articles of amendment dated September 22, 2014 and November 11, 2014 to create six additional series of BCE Inc. first preferred shares. BCE Inc.'s head and registered offices are located at 1, Carrefour Alexander-Graham-Bell, Building A, Verdun, Québec H3E 3B3.

### 2.2 Subsidiaries

The table below shows BCE Inc.'s main subsidiaries at December 31, 2022, which are all incorporated in Canada, and the percentage of voting securities that BCE Inc. directly or indirectly held in such subsidiaries on that date. BCE Inc. has other subsidiaries that have not been included in the table since each represented 10% or less of our total consolidated

assets and 10% or less of our total consolidated operating revenues at December 31, 2022. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2022.

Subsidiary	Percentage of voting securities held by BCE Inc. at December 31, 2022 <sup>(1)</sup>
Bell Canada	100%
Bell Mobility Inc.	100%
Bell Media Inc.	100%

(1) At December 31, 2022, BCE Inc. directly held 94.1% of the voting securities of Bell Canada and indirectly held the remaining 5.9% through its wholly-owned subsidiary, Bell MTS Inc. BCE Inc. indirectly held all the voting securities of: (i) Bell Mobility Inc. (Bell Mobility) through Bell Canada, which in turn indirectly held all the voting securities of Bell Mobility through its wholly-owned subsidiary, Bell Mobility Holdings Inc.; and (ii) Bell Media Inc. (Bell Media) through Bell Canada.

## 3 Description of our business

This section contains forward-looking statements, including relating to our network deployment and capital investment plans, our objectives concerning carbon abatement enablement and GHG emissions reduction, our objective for carbon neutral operations starting in 2025 and to achieve SBTs by 2026 or 2030, as applicable, and our business outlook, objectives, plans and strategic priorities. Refer to section 1, *Caution regarding forward-looking statements* in this Annual Information Form.

### General economic conditions, COVID-19 pandemic and geopolitical events

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. Through Bell for Better, we are investing to create a better today and a better tomorrow by supporting the social and economic prosperity of our communities. With our network deployments in remote communities and the largest cities, as well as investments in mental health initiatives, environmental sustainability and an engaged workplace, we look to create a thriving, prosperous and more connected world.

The COVID-19 pandemic has had significant impacts on our business. The emergency measures put in place in Canada starting in March 2020 to combat the COVID-19 pandemic significantly disrupted retail and commercial activities across most sectors of the economy and had an adverse and pervasive impact on our financial and operating performance throughout most of 2020. In 2021, our financial and operating performance saw a steady improvement despite the continued adverse impacts of the COVID-19 pandemic experienced throughout the year, due to our strong operational execution and the easing of government restrictions in the second half of the year. In 2022,

the unfavourable effects of the COVID-19 pandemic on our financial and operating performance continued to moderate due to our operational execution and the lifting of most public health restrictions during the year. While we expect the pandemic to continue to affect, although to a lesser extent, our operations, we have adapted many aspects of our business, including scaling our digital sales capabilities and evolving our self-serve tools, and continue to adapt to future modes of operating.

Macroeconomic uncertainty has also caused pressure in certain areas of our business. Global supply chain disruptions, which began to intensify during the second half of 2021 and were exacerbated by geopolitical events in 2022, have affected the availability of business data equipment and related spending on new services by our large enterprise customers. We expect an improvement in the situation during the second half of 2023. In addition, advertising demand and spending across the North American media industry in 2022 was impacted by unfavourable economic conditions and disruptions to supply chains. In particular, TV and radio advertising demand softened as a result of persistently high inflation, fears of a potential recession and supply chain issues in certain key consumer verticals, such as the automotive industry. We expect a gradual recovery in the advertising market to begin in the second half of 2023.

### 3.1 General summary

BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. Effective with our Q1 2023 results, our previous Bell Wireless and Bell Wireline operating segments are being combined to form a single reporting segment called Bell Communication and Technology Services (Bell CTS). Bell Media remains a distinct operating segment and is unaffected. Refer to *Segmented reporting changes in 2023* below for further details.

Bell Wireless includes wireless service revenues and product sales as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Wireless services are provided to our residential, small and medium-sized business and large enterprise customers across Canada.

Bell Wireline includes data revenues (including Internet, Internet protocol television (IPTV), cloud-based services and business solutions), voice and other communication services revenues, and wireline product sales. These services are provided 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 the results of our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

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

Additional information regarding our business operations and the products and services we provide can be found in section 1.2, *About BCE* of the BCE 2022 MD&A, on pages 14 to 18 of the BCE 2022 Annual Financial Report.

In addition to our operating segments, we also hold investments in a number of other assets, including:

- a 37.5% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE) <sup>(1)</sup>, 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 Inc. (Glentel), a Canadian-based connected services retailer
- an 18.4% 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

A discussion of the key transactions completed by BCE in the last three financial years can be found in section 4.1, *Transactions* of this Annual Information Form.

(1) In January 2023, we repurchased the BCE Master Trust Fund's interest in MLSE for a cash consideration of \$149 million, thereby increasing our indirect equity interest in MLSE from 28% to 37.5%.

### 3 Description of our business

For the years ended December 31, 2022 and 2021, we generated consolidated operating revenues of \$24,174 million and \$23,449 million, respectively, and consolidated net earnings of \$2,926 million and \$2,892 million, respectively. For the year ended December 31, 2022, Bell Wireless' operating revenues totalled \$9,588 million (\$9,535 million external revenues), Bell Wireline's operating revenues totalled \$12,148 million (\$11,735 million external revenues) and Bell Media's operating revenues totalled \$3,254 million (\$2,904 million external revenues). For the year ended December 31, 2021, Bell Wireless' operating revenues totalled \$8,999 million (\$8,948 million external revenues), Bell Wireline's operating revenues totalled \$12,178 million (\$11,820 million external revenues) and Bell Media's operating revenues totalled \$3,036 million (\$2,681 million external revenues). A table showing the operating revenues that each segment contributed to total operating revenues for the years ended December 31, 2022 and 2021 can be found in section 4.3, *Operating revenues* of the BCE 2022 MD&A, on page 46 of the BCE 2022 Annual Financial Report. A table showing the operating revenues of our Bell Wireless and Bell Wireline segments by category of products and services can be found in section 5.1, *Bell Wireless* and section 5.2, *Bell Wireline* of the BCE 2022 MD&A, on pages 54 and 58, respectively, of the BCE 2022 Annual Financial Report.

Some of our segments' revenues vary slightly by season. For more information, refer to section 7.2, *Quarterly financial information – Seasonality considerations* of the BCE 2022 MD&A, on page 85 of the BCE 2022 Annual Financial Report.

#### Segmented reporting changes in 2023

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 will result in changes in the first quarter of 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 are being combined to form a single reporting segment called Bell Communication and Technology Services (Bell CTS). Bell Media remains a distinct operating segment and is unaffected. As a result of our reporting changes, prior periods are being restated in 2023 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, 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.

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.

Additional information regarding the business outlook of our Bell CTS and Bell Media segments can be found in the sections entitled *Business outlook and assumptions* of the BCE 2022 MD&A, on pages 65, 66 and 68 of the BCE 2022 Annual Financial Report.

## 3.2 Strategic imperatives

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:



In 2022, we embedded our focus on creating a more sustainable future directly into our six strategic imperatives, reflecting our longstanding commitment to the highest ESG standards. 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.

Additional information regarding our strategic imperatives can be found in section 2, *Strategic imperatives* of the BCE 2022 MD&A, on pages 33 to 36 of the BCE 2022 Annual Financial Report.



## 3.3 Competitive strengths

### Canada's largest communications company

We are Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions for all their communications needs, as described below:

- We are the largest local exchange carrier in Canada. BCE operates an extensive local access network in Ontario, Québec, the Atlantic provinces and Manitoba, as well as in Canada's Northern Territories. We provide a complete suite of wireless communications, wireline voice and data, including Internet access and TV, product and service offerings to residential, business and wholesale customers. We also own Bell Media, Canada's leading content creation company with premier assets in TV, radio, and OOH advertising, monetized through traditional and digital platforms.
- We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia.
- At December 31, 2022, BCE was one of the largest wireless operators in Canada based on number of subscribers, providing more than 9.9 million mobile phone subscribers with nationwide mobile voice and data services. We also had approximately 2.5 million mobile connected device subscribers at December 31, 2022.
- BCE is the largest Internet service provider in Canada based on number of subscribers, providing approximately 4.3 million retail customers at December 31, 2022 with high-speed Internet access through fibre-optic, wireless-to-the-premise (WTTIP) and digital subscriber line (DSL) technology.
- BCE is the largest TV provider in Canada based on number of subscribers, nationally broadcasting a wide range of domestic and international programming to approximately 2.8 million retail subscribers at December 31, 2022 through its IPTV services, namely Fibe TV, the Fibe TV app and Virgin Plus TV, as well as its satellite TV service.
- BCE operated approximately 2.2 million retail residential network access service (NAS) voice lines at December 31, 2022.

Our large customer base, our wireline and wireless network reach, and our ability to sell through a variety of distribution channels, as discussed in more detail in section 3.4, *Marketing and distribution channels* in this Annual Information Form, give us scale that supports the execution of our six strategic imperatives. With a wireless network service footprint that encompasses more than 99% of Canada's population, a coast-to-coast national fibre transport network and a local exchange carrier footprint from Manitoba to the Atlantic provinces, BCE is well positioned to take advantage of integrated wireless and wireline solutions in the future.

On May 31, 2021, we announced that our capital expenditure acceleration program, initially announced on February 4, 2021, of \$1 billion to \$1.2 billion in additional network funding for 2021 and 2022, would increase to up to \$1.7 billion in response to the support for infrastructure investment reflected in federal regulatory and policy decisions rendered earlier in the year. This \$1.7 billion in accelerated capital expenditures advanced the rollout of our broadband fibre, 5G wireless and rural networks and helped drive Canada's recovery from the COVID-19 pandemic, and was in addition to the approximately \$4 billion in capital expenditures that Bell has typically spent each year on network expansion and enhancement prior to 2020.

### Technologically advanced wireless networks and services

Our Bell Wireless segment provides wireless services over technologically advanced wireless networks that are available to virtually all Canadians. We offer a broad range of wireless voice and data communication products and services to residential and business customers through our Bell brand, as well as our Virgin Plus and Lucky Mobile brands, which enhance our competitive market position by allowing us to compete more effectively with the Canadian industry's other discount brands as well as regional facilities-based wireless service providers.

Wireless is a key growth segment for us, and we have established strategic priorities seeking to further enhance our offerings. We are focused on growing our market share of national operators' postpaid mobile phone net customer activations, growing our prepaid mobile phone subscriber base, improving sales execution and customer retention, and introducing new devices and data services. We also believe our priorities for improved customer experience at all touch points, enhanced network quality and performance driven by effective spectrum deployment and carrier aggregation that support bandwidth and speeds, as well as a broad device offering, should continue to improve our ability to attract and retain wireless customers. With our national high-speed packet access plus (HSPA+) network, our fourth-generation (4G) long-term evolution (LTE) wireless network, our Dual-band, Tri-band and Quad-band LTE Advanced (LTE-A) network, and our 5G wireless network, we are able to offer one of the broadest ranges of choice in wireless smartphones in Canada, along with extensive North American and international coverage. In addition, Bell's enhanced Gigabit LTE-A network, initially rolled out in 2018 to core locations in Toronto and Kingston, has since expanded to more areas as smartphones that support these advanced speeds have come to market, and is available in select cities across Canada. Bell also launched in 2018 a new 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.

In 2020, Bell launched 5G wireless service, offering enhanced mobile data speeds and the latest 5G-capable smartphones. As with previous wireless and wireline network deployments, Bell is working with multiple equipment suppliers for its 5G rollout, including Nokia Corporation (Nokia) and Telefonaktiebolaget LM Ericsson (Ericsson). In 2021, Bell acquired significant additional mid-band, flexible-use 3500 megahertz (MHz) wireless spectrum in the auction by Innovation, Science and Economic Development Canada (ISED). Essential to Canada's ongoing transition to 5G communications, these high-capacity airwaves extend Bell's leadership in delivering enhanced 5G digital experiences to Canadian consumers and businesses in urban, rural and remote communities. Refer to section 4.1, *Transactions* in this Annual Information Form for more details.

### 3 Description of our business

Bell's 5G network covered 82% of Canada's population at December 31, 2022, a significant increase from the 26% of Canada's population covered at the end of 2020, attributable in part to our capital expenditure acceleration program described above. In 2022, Bell launched its 5G+ service, a faster and more responsive service allowing for a superior mobile experience, and which covered 38% of Canada's population at December 31, 2022. Refer to section 3.6, *Networks – Wireless* in this Annual Information Form for more details concerning our wireless networks.

Bell's wireless networks received several awards in 2022. In February 2022, Bell's 5G mobile network ranked as Canada's fastest 5G network for the second time in a row in Ookla's 2021 Speedtest Awards based on Speedtest results independently collected and analyzed by Ookla, a web service specializing in analysis of Internet access performance metrics, for Q3-Q4 2021 and calculated using median 5G download and upload speeds. In September 2022, Bell's wireless network was further ranked Canada's fastest in PCMag's Fastest Mobile Networks Canada 2022, its annual study of mobile network performance across the country. PCMag delivers labs-based, independent reviews of the latest technology products and services. Its researchers tested service speeds in more than 30 cities and rural areas across Canada. PCMag's analysis took place in August 2022 and ranked providers based on a weighted average of download speeds, upload speeds and average latency.

#### Advancing 5G and IoT solutions

Bell is working with a range of global and domestic 5G partners, including Ericsson and Nokia, to accelerate Canada's 5G innovation ecosystem. This includes continued investment in research and development at Canadian institutions, such as a partnership between Western University and Bell creating an advanced centre for research into 5G applications across health (including mental health), transportation, education and other sectors, and a partnership with Université de Sherbrooke through the Interdisciplinary Institute for Technological Innovation (3IT) to drive broadband technology research in a broad range of sectors, including IoT, Smart Campus/Smart City, innovative manufacturing and smart energy management. On the international stage, Bell is involved in the setting of global 5G standards with our participation in the Next Generation Mobile Networks (NGMN) consortium and Third Generation Partnership Program (3GPP).

The high capacity and near instant connections offered by 5G will support a virtually unlimited range of new consumer and business applications in the coming years, including augmented and virtual reality (AR/VR), artificial intelligence (AI) and machine learning, immersive entertainment services, connected vehicles, smart cities and enhanced rural access, and IoT opportunities for business and government enterprises. In 2021, our 5G network enabled the launch of TSN 5G View/Vision 5G RDS, an exclusive in-app feature that leverages Bell's 5G network to offer fans interactive new ways to watch sports. It was initially introduced with Montréal Canadiens and Toronto Maple Leafs regional home game broadcasts, enabling fans to control the viewing angle of the game on their smartphones, getting up close to every goal, pass, hit and penalty with zoom, pause, rewind and slow motion capabilities. The feature was later expanded to Toronto Raptors home games and was expanded again in 2022 to Winnipeg Jets home games. In January 2023, we announced a partnership with Snap Inc. which introduced the first ever 5G multi-user AR basketball experience on Snapchat. Fans with a 5G device in attendance at four Toronto Raptors Welcome Toronto home games in early 2023 can join a shared AR experience where

thousands can participate by teaming up and competing against each other, leveraging Snapchat's AR technology and the unprecedented speed, latency and bandwidth capabilities of 5G.

Bell also provides a number of solutions in the fast-growing IoT sector, which enables the interconnection of a range of devices and applications that send and receive data. Bell further offers global connectivity solutions for our IoT platforms and applications, which offer customers worldwide network access and the ability to manage all of their international devices remotely from a single web platform. Bell's lineup of innovative IoT applications includes connected telematics services, including security, safety, diagnostics and infotainment, for vehicles; fuel tank monitoring and water management solutions; fleet management solutions connecting commercial vehicles to the Internet to provide web-based analytics to manage the fleet; connected laptop solutions, enabling LTE connectivity directly from select LTE-enabled laptops; managed IoT security services that offer businesses, smart cities and other organizations employing IoT solutions a fully managed solution to detect and protect organizations from evolving cyber threats; and new solutions made available in the context of the COVID-19 pandemic, such as real-time occupancy monitoring, digital signage and sanitizer kiosks.

In Q2 2022, Bell launched a private mobile network (PMN) at the Centre for Port Innovation, Engagement and Research (The PIER), an innovation hub in Halifax focused on developing innovative solutions for supply chain and logistics in the transportation industry. The PMN enables The PIER members and start-ups to trial innovative new solutions to help improve worker safety, increase port operations efficiency and further enhance the reputation of the Port of Halifax. Bell is a Founding Partner and the exclusive telecommunications provider of The PIER. Our PMN enables IoT solutions that help support business-critical functions with real-time data monitoring and reporting, as well as support all partners as they work to develop commercial opportunities seeking to benefit Canadian and global companies and their customers.

#### Next-generation high-speed internet and TV services

Our strategic imperative to build the best networks is focused on the expansion of our all-fibre network to more homes and business locations. At December 31, 2022, our broadband fibre network, consisting of fibre-to-the-premise (FTTP) and fibre-to-the-node (FTTN) locations, covered approximately 10 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba. Our all-fibre network enables the delivery of Bell's next-generation fibre-optic high-speed Internet service marketed as Fibe Internet, offering symmetrical download and upload speeds of up to 3 gigabits per second (Gbps) with FTTP through our Gigabit Fibe 3.0 service, and symmetrical download and upload speeds of up to 8 Gbps with FTTP through our Gigabit Fibe 8.0 service available in eligible areas of Toronto. Fibe Internet further offers download speeds of up to 100 megabits per second (Mbps) with FTTN. Our network also enables the delivery of our Internet service marketed as Virgin Plus Internet, offering download speeds of up to 300 Mbps. Refer to section 3.6, *Networks – Wireline – High-speed fibre deployment* in this Annual Information Form for more details concerning the deployment of our fibre-optic high-speed Internet services.

### 3 Description of our business

As Bell extends its direct fibre links in urban and suburban centres, we are also delivering broadband speeds to smaller towns and rural locations with our innovative Wireless Home Internet fixed wireless service, which is based on 5G-capable WTTT technology. With the expansion of wireless cell site coverage, deep fibre backhaul and advancements in technology, the cost to provide a fixed wireless solution has become viable in rural areas where it is uneconomical to deploy FTTP. In 2021, we completed the buildout of our Wireless Home Internet service in smaller towns and rural communities across Ontario, Québec, the Atlantic provinces and Manitoba, reaching our target of 1 million locations one year ahead of schedule. Already delivering download speeds of up to 25 Mbps, Bell increased its Wireless Home Internet service's download speeds to up to 50 Mbps and upload speeds to 10 Mbps (50/10) in the fall of 2020, which enhanced speeds are now available to a majority of customers. In August 2021, an agreement with Casa Systems, Inc. was announced for the upgrade of Bell's WTTT network to 5G to further boost speed and capacity for Wireless Home Internet customers.

Our FTTP and FTTN broadband fibre network also enables the delivery of Bell's IPTV services, namely Fibe TV, the Fibe TV app and Virgin Plus TV.

Bell's Fibe TV service, built on an IPTV platform, offers a wide range of flexible programming options and innovative features to customers in Ontario, Québec, the Atlantic provinces and Manitoba, such as: the Fibe TV wireless receiver, which enables customers to enjoy the Fibe experience on up to five additional TVs anywhere in the home without the hassle of running cable through the house; the Restart and Look Back features, enabling customers to rewind and watch TV shows already in progress from the beginning and up to 30 hours after they started; and the Trending feature, which lists the five most-watched shows in both English and French among Fibe TV customers at any given time and allows customers to switch to watch live or Restart from the beginning. Fibe TV further allows access to Crave, Prime Video and YouTube directly from customer TV receivers, providing a seamless experience. The Fibe TV app brings the rich Fibe TV viewing experience to laptops, smartphones, tablets, Bell Streamer, Apple TV, Amazon Fire TV, Google Chromecast and a variety of Android TV devices, with access to more than 500 live and on-demand channels at home or on the go, which allows customers to seamlessly transfer a channel being viewed from a mobile device to a TV, or resume what is being watched on TV on a mobile device, and allows customers to control their TVs with their mobile devices. In addition, Fibe customers can download their personal video recordings with the Fibe TV app to watch on iOS and Android mobile devices without Wi-Fi network access, and customers can pause and rewind live TV on any device with the Fibe TV app. In 2021, the availability of the Fibe TV app was extended to customers in Manitoba. In 2022, Bell introduced the new evolution of Fibe TV with thousands of apps and powerful search options to make our customers' experience even better. With the latest Google Android TV technology, Fibe TV now provides access to over 10,000 apps from Google Play. Viewers can easily find the content they want to watch, and explore new and exciting entertainment with a voice remote powered by Google Assistant and intuitive universal search capabilities that will find content across Fibe TV and supported subscribed streaming services. With added Cloud PVR capabilities, viewers can store content for up to a year to watch at their convenience.

In addition, we offer the Fibe TV app service in Ontario and Québec as a standalone app-based live TV streaming service that offers live and on-demand programming. With no traditional TV set-top box required, the Fibe TV app offers up to 500 live and on-demand channels on laptops, smartphones, tablets, Bell Streamer, Apple TV, Amazon Fire TV, Google Chromecast and a variety of Android TV devices. The standalone Fibe

TV app offers access to two TV streams at a time and customers can add individual channels to build their own packages. Like Bell's Fibe TV service, the standalone Fibe TV app operates as a licensed broadcast service on the privately managed Bell Fibe broadband network for in-home viewing, and on mobile or Wi-Fi networks outside the home.

In 2020, we launched Virgin TV (now Virgin Plus TV), a completely new way for Virgin Plus Internet members in Ontario and Québec to watch live and on-demand TV shows and live sports on any screen they want. Virgin Plus TV is an app-based service that does not require a traditional TV set-top box or installation, and it works on virtually all devices – iOS and Android smartphones and tablets, laptops, Amazon Fire TV, Android TV, Apple TV and Google Chromecast. The Virgin Plus TV app lets members watch two streams at once, pause and rewind live TV, resume on-demand programs where they left off, and track all the top trending shows.

In 2020, Bell launched the Bell Streamer, an all-in-one 4K High Dynamic Range (HDR) streaming device powered by Android TV that offers customers in Ontario and Québec all-in-one access to the Fibe TV app, support for all major streaming services and access to thousands of apps on Google Play.

### National wireline service provider with market leadership position

Our leadership position in broadband Internet and TV and our broad suite of product offerings serve as a foundation for the other products and services we offer. This provides us with a significant number of established customer connections to drive uptake of new products and services, either through bundled offerings or on a standalone basis, and allows us to improve customer retention.

Our business markets team maintains a leadership position, having established relationships with a majority of Canada's largest 100 corporations. Our team continues to deliver network-centric business service solutions to large business and public sector clients, including data hosting and cloud computing services, which are key to business communications today and increase the value of connectivity services.

### Innovation in communications technology

Technological advancement plays a significant role in the success of our business. We invest in Canadian innovation and have spent approximately \$600 million in research and development (R&D) capital expenditures in 2022. Our investments in R&D enable us to continue providing our customers with innovative products and services and to adopt new technologies that better support our own operations, champion the customer experience, and drive growth with innovative services. Our deployment of new and innovative networks and services is a direct result of our investment in R&D.

Over the past decades, Bell has invested in developing data analytics capabilities and AI applications in multiple areas of its operations. Providing advanced technological solutions allows us to differentiate our product and service offerings and to seek to provide greater value to our customers. As part of Bell's objective to remain at the forefront of technology and innovation in telecommunications services, and encourage the development of, and expertise in, new emerging technologies in Canada, we partner with a range of global and domestic organizations like Google, Amazon Web Services, Inc. (AWS), Centech and the Vector Institute.

On March 3, 2022, we announced a five-year strategic engagement with the Vector Institute, an independent, not-for-profit corporation dedicated to research in the field of AI. The collaboration is expected to help to accelerate the development and adoption of AI applications

### 3 Description of our business

across Bell. In November 2022, we further announced a three-year strategic partnership with Montréal innovation centre Centech. As Centech's exclusive telecommunications provider, Bell will leverage its advanced network capabilities, 5G and AI management expertise to help emerging Canadian businesses drive innovation, growth and adoption of advanced technological solutions.

In addition, on October 25, 2022, Bell introduced Bell Ventures, its corporate venture capital initiative to encourage development of early-stage and growth companies that harness the power of Bell's networks to drive growth and adoption of advanced technological solutions. Building on Bell's history of innovation and investments, Bell Ventures is a natural extension of Bell's purpose to advance how Canadians connect with each other and the world. Bell Ventures invests in early-stage and growth companies that provide advanced technology solutions seeking to further differentiate Bell's 5G and fibre networks and deliver solutions for its customers, including in the areas of network security, IoT, robotics, telematics, clean technology (cleantech), AR/VR, and the metaverse. Recent investments by Bell Ventures include Cohere Technologies, the creator of spectrum multiplier software for 4G and 5G networks, and Boreal Ventures, a venture capital fund supporting promising Québec deep tech start-ups, created in partnership with Centech.

We also announced in 2022 a number of significant milestones in our strategic cloud and technology partnerships. In February 2022, Bell announced its deployment of Google Distributed Cloud Edge in its network, enabling more efficiency, reliability and scale while also driving new business opportunities. This is the world's first implementation of core network functions on Google Distributed Cloud Edge, a fully managed product that brings Google Cloud's infrastructure and services closer to where data is being generated and consumed. This advancement builds on Bell and Google Cloud's strategic partnership, announced in 2021, to combine Bell's 5G network leadership with Google Cloud's expertise in multi-cloud, data analytics and AI, and to enable Bell to drive operational efficiencies and deliver richer customer experiences. In addition, Bell announced the launch of the first public multi-access edge computing (MEC) with AWS Wavelength in Canada. Building on Bell's agreement with AWS, announced last year, together the two companies are deploying AWS Wavelength Zones throughout the country at the edge of Bell's 5G network, starting in Toronto. Bell Public MEC with AWS Wavelength embeds AWS compute and storage services at the edge of the Bell 5G network, closer to mobile and connected devices where data is generated and consumed. This enables software developers and businesses to take full advantage of the high speed and low latency of Bell's 5G network and the cloud with AWS to build innovative, low-latency solutions that leverage real-time visual data processing, AR/VR, AI and machine learning, advanced robotics and much more.

### Our significant media assets

Bell Media's range of video and radio content enhances the execution of our strategic imperatives by leveraging our significant network investments, delivering compelling content across all screens and platforms, and enabling us to maximize strategic and operating synergies, including the efficiency of our content and advertising spend.

Bell Media's assets in TV, radio, OOH and digital platforms are a key competitive advantage, as described below:

- We own and operate 35 conventional TV stations, including CTV, Canada's #1 network for 21 consecutive years <sup>(1)</sup>, #1 Canadian advertising-based video-on-demand (AVOD) platform CTV.ca <sup>(2)</sup> 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.
- We own and operate 27 specialty channels, including TSN, Canada's sports leader <sup>(3)</sup>, and RDS, the top French-language sports network <sup>(1)</sup>.
- We own and operate four pay TV services, as well as four direct-to-consumer streaming services, including Crave, the exclusive home of HBO in Canada, TSN and RDS.
- We own 109 licensed radio stations in 58 markets across Canada, all available through the iHeartRadio Canada app alongside an extensive catalogue of podcasts.
- We lead Canadian TV media competitors in the digital landscape in the number of unique visitors, page views and total page minutes.
- We own Astral, a leader among Canada's OOH advertising companies with more than 45,000 advertising faces strategically located across the country. Astral offers six product lines: outdoor advertising, lifestyle networks, street furniture, airport, large digital format and transit.
- We own Crave, a subscription-based video-on-demand streaming service providing premium content and a robust lineup of video programming. Crave features a broad catalogue of sought-after content and Emmy Award-winning programming. With Crave, HBO and HBO Max original programming, box-office hits and original Canadian content are available directly to all Canadians with access to the Internet. As a bilingual service, Crave offers English and French-language content through participating TV providers and streaming platforms. STARZ remains available through participating service providers and directly to consumers as a separate add-on.
- Our noovo.info website offers exclusive original features dedicated entirely to news, which represents the final piece to Noovo's multi-platform news division.
- Through CTV's all-in-one digital video platform and streaming from CTV.ca and the CTV app on smartphones, Smart TVs and other connected devices, audiences can get even more value from their TV subscriptions all in one place, with livestreams and on-demand viewing of programming from CTV Comedy Channel, CTV Drama Channel, CTV Sci-Fi Channel, CTV Life Channel, CTV2, Discovery, E! and MTV, as well as Canada's #1 lineup from CTV <sup>(1)</sup>. The platform provides access for subscribers of CTV-branded entertainment channels to stream premium content from those channels, as well as CTV Throwback and CTV Movies, all at no additional cost and with one simple login.
- We continue to provide live and on-demand access to content from our specialty networks, BNN Bloomberg, TSN, RDS and other brands in news, sports and entertainment. As discussed under *Advancing 5G and IoT Solutions* above, TSN and RDS operate TSN 5G View/Vision 5G RDS, an exclusive in-app feature that leverages Bell's 5G network to offer fans interactive new ways to watch sports, and which was expanded in 2022 for TSN's regional coverage of Winnipeg Jets home games.

(1) Based on data provided by Numeris, a data company providing audience data and insights capturing media behaviours for the Canadian media industry.

(2) Based on data provided by Comscore, Inc., an American media measurement and analytics company.

(3) Based on the depth and breadth of broadcasted sporting events, and TSN's reach, according to data provided by Numeris, and TSN being the consumer preferred brand for live sports and sports news.

### 3 Description of our business

Our competitive strengths also include our broad reach across Canada, our ability to deliver top programming for conventional, specialty and pay TV and streaming services, our constant drive to provide the most engaging and interactive experience for viewers, and our ability to serve the needs of advertisers across multiple platforms.

Refer to section 2.3, *Deliver the most compelling content* of the BCE 2022 MD&A, on page 34 of the BCE 2022 Annual Financial Report, for a description of certain agreements entered into and initiatives launched in 2022 by Bell Media.

## 3.4 Marketing and distribution channels

### Bell Wireless and Bell Wireline

The guiding principle driving our marketing strategy is to offer our clients the ultimate in reliable, simple and accessible telecommunications services. In doing so, our objective is to increase customer acquisition, retention and loyalty through multiple service offerings.

Through the bundling of services, which combines wireline local voice and long distance, high-speed Internet, TV and smart home, as well as wireless services, our goal is to use a multi-product offering to achieve competitive differentiation by offering a premium, integrated set of services that provides customers with more freedom, flexibility and choice. We also make use of limited-time promotional offers featuring discounted rate plans, special rates on wireless handsets and TV receivers, as well as other incentives, to stimulate new customer acquisition and retain existing customers or to respond to competitive actions in our markets.

We focus our marketing efforts on a coordinated program of TV, print, radio, Internet, outdoor signage, direct mail and point-of-sale media promotions. We engage in mass market advertising in order to maintain our brand and support direct and indirect distribution channels. Coordinated marketing efforts throughout our service area ensure that our marketing message is presented consistently across all our markets. Promoting the Bell brand is complemented by our other brand marketing efforts, reinforcing awareness of all our services and capitalizing on the size and breadth of our customer base across all product lines.

The Bell brands play a key role in product positioning. Our branding is straightforward and directly supports our strategy of delivering a better customer experience at every level. In July 2021, Virgin Mobile Canada officially rebranded to Virgin Plus, a new name and a new identity that reflect the company's evolving service offerings beyond mobility.

Specifically for Bell Wireless, acquiring and retaining subscribers is a key marketing objective that we seek to achieve through our networks and suite of leading-edge devices and services to drive higher usage and increased adoption of data services. We offer unlimited plans featuring unlimited data access with no overage charges. We also offer SmartPay device financing plans that let Bell Mobility customers buy their new smartphones with 24 interest-free instalments separate from their service plan, and we similarly offer Sweet Pay device financing plans for Virgin Plus customers. In addition, we offer Connect Everything plans that provide a way to link all of a customer's Bell devices with a pool of data to share across smartphones, tablets, smartwatches and other devices, such as wireless trackers, security cameras and vehicles with Bell Connected Car. In January 2022, we introduced new mobile unlimited Ultimate plans to make the most of 5G with more data at maximum speeds, international messaging, high-definition video quality and hotspot capability. We also continue to offer discounts on the price of wireless handsets in exchange for a contractual commitment from a subscriber, a practice also used by other Canadian wireless operators. As the Canadian wireless market further matures and competition

intensifies, customer retention is increasingly important. Accordingly, we employ customer retention initiatives aimed at increasing our customers' level of satisfaction and loyalty.

We deliver our products and services to residential wireless and wireline customers through:

- more than 1,000 Bell, Virgin Plus, Lucky Mobile and The Source retail locations
- national retailers such as Best Buy, Walmart, Loblaws and Glentel's WIRELESSWAVE, Tbooth wireless and WIRELESS etc., as well as a network of regional and independent retailers in all regions
- call centre representatives
- our websites, including bell.ca, virginplus.ca, luckymobile.ca and thesource.ca
- door-to-door sales representatives.

On January 31, 2023, Bell and Staples Canada ULC (Staples) announced a multi-year exclusive agreement to sell Bell, Virgin Plus and Lucky Mobile wireless and wireline services through Staples stores across Canada for consumers and small businesses, starting in the first half of 2023. In addition, Bell and Staples will partner to sell Bell wireless and wireline services direct to medium-sized businesses through the Staples Professional sales team, backed by Bell's advanced communications expertise.

We also offer eligible customers the convenience of One Bill for Internet, TV, home phone, wireless and smart home services.

For small and medium-sized business customers, our small and medium business (SMB) team offers a wide range of wireline and wireless services, including Business Fibe Internet, Bell Total Connect, Business Phone and TV, and IoT solutions, along with many other communications solutions, all designed for companies. All solutions are sold through dedicated call centre representatives and our bell.ca website, as well as our retail network and door-to-door sales representatives.

Communications solutions for large enterprise customers, including since 2021 our wireless services, are delivered by our business markets team, and our products and services are sold through dedicated sales representatives, certified resellers and competitive bids. Prior to 2021, our wireless products and services were delivered to these business customers through the same channels as those previously described for services to residential customers and were also served by our nationwide sales team responsible for the sale of wireless products and services to business customers, as well as the execution of sales contracts. By combining products and services, including professional services, into fully managed, end-to-end information and technology solutions, we have been successful in providing large enterprise customers with complex communications products and services. We continue to differentiate ourselves in the marketplace by enhancing our customer service levels and offering solutions designed to provide superior service, performance, availability and security. We deliver expertise in key solution areas, including Internet, private networks and broadcasts, voice and unified communications, customer contact centre, security solutions, cloud solutions, IoT and MEC.

### 3 Description of our business

Our wholesale business communications products and services are delivered by our wholesale team. They are sold through our dedicated sales representatives, web portals and call centres.

Restrictive measures taken by Canadian governments to combat the COVID-19 pandemic included the temporary closure of non-essential businesses, including most locations in our retail distribution channels. While the subsequent lifting of these measures allowed the reopening of our retail distribution channels and the elimination of in-store COVID-19 restrictions by the second half of 2022, traffic to our retail locations did not return to pre-pandemic levels. In response to the COVID-19 pandemic, we enhanced online and phone sales and support, equipped team members to work from home, retrained thousands of team members as service agents and introduced innovative remote installation practices. We also encouraged customers to take advantage of MyBell online and mobile self-serve options and launched enhanced online and appointment-based sales options.

#### Bell Media

Bell Media's TV and OOH advertising customer base is comprised primarily of large advertising agencies, which place advertisements with Bell Media on behalf of their customers. Bell Media also has contracts with a variety of broadcasting distribution undertakings (BDUs), under

which monthly subscription fees for specialty TV and pay TV are earned. Bell Media's radio broadcast customer base is comprised of both advertising agencies and businesses in local markets.

Bell Media's conventional TV networks are delivered to Canadians through over-the-air broadcast transmission and through distribution by BDUs. Bell Media's specialty TV, pay TV channels and streaming services are delivered through distribution arrangements with BDUs, and its radio programming is distributed through over-the-air transmission. In addition to these primary distribution channels, Bell Media also distributes its video and radio programming through a variety of non-traditional means, such as mobile and Internet streaming (iHeartRadio). Crave is available through participating TV providers across Canada, which provide the added opportunity to access the Crave linear channels on traditional set-top boxes, as well as via on-demand channels, through the Crave app and online at Crave.ca. Crave, TSN and RDS are also available directly via the Internet through each brand's official website and app. Crave, TSN and RDS can be streamed on the web and through partner platforms such as iOS and Android mobile devices, Apple TV, Android TV, Amazon Fire TV, Bell Streamer, Chromecast, Roku, Smart TVs, Sony PlayStation and Xbox One. Finally, Bell Media's OOH business delivers its services through an inventory of OOH faces and street furniture equipment in key urban cities across the country.

---

## 3.5 Transformation of our networks, systems and processes

We are transforming our networks, systems and processes with three main objectives: (a) to become more agile in our service delivery and operations, including self-serve and instant-on capabilities for our customers; (b) to ensure best quality and best customer experience; and (c) to develop a new network infrastructure that enables a competitive cost structure with rapidly growing capacity needs, and enabling new revenue opportunities. We are leveraging new technologies, such as software-defined networks, big data and AI/machine learning, and cloud technologies, focusing primarily on automating our processes. These technologies offer unprecedented levels of flexibility, automation and

elastic capacity, enabling 5G, IoT, enhanced Internet, communication and video services, as well as the next generation of enterprise cloud applications, which all depend heavily on these capabilities. In 2022, we announced significant milestones in our partnerships with AWS and Google Cloud, building towards the objective of accelerating our transformation to a hybrid cloud environment. These various transformation initiatives have produced tangible business benefits in multiple technology domains, resulting in increased agility in development and operations while reducing costs.

---

## 3.6 Networks

The telecommunications industry is evolving rapidly as it continues to move from multiple service-specific networks to Internet protocol (IP)-based integrated communications networks that can carry voice, data and video traffic. We continue to work with key vendor partners to expand our national multi-service IP-enabled networks.

Our communications networks provide wireless and wireline voice, data and video services to customers across Canada. Our infrastructure includes:

- national transport networks for voice, data and video traffic, including Internet traffic
- urban and rural access networks and infrastructure for delivering services to customers
- national wireless networks that provide voice, data and video services

#### Wireless

To provide wireless connectivity, we have deployed and operate a number of nationwide wireless broadband networks compatible with global standards that deliver high-quality and reliable voice and high-speed data services. With our high-speed data network, we are able to offer Canadian consumers a broad range of choice in wireless smartphones, as well as touch screen tablets, IoT devices and other

devices designed for data services such as video and audio streaming, IoT communications, e-mail, messaging, Internet access and social networking. We also support international roaming to over 230 outbound destinations, with 209 of them supporting 4G LTE and 63 supporting 5G.

#### HSPA+ network

Our wireless HSPA+ network offered high-speed mobile access to 99% of Canada's population at December 31, 2022, covering thousands of cities and towns in both urban and rural locations. The HSPA+ network supports global roaming, as well as a wide range of smartphones, data cards, universal serial bus (USB) sticks, tablets and other leading-edge mobile devices. The vast majority of the site connectivity for the HSPA+ network was built with high-speed fibre and an all-IP architecture for enhanced reliability.

#### 4G LTE network

With Bell's 4G LTE wireless network coverage, customers have data access speeds similar to those of broadband connections and significantly faster than our HSPA+ network, making it easier for users to download applications, stream high-definition videos and music, play online games, or videoconference and chat with virtually no delays or buffering. The HSPA+ and LTE networks work together such that most Bell LTE devices support both networks.

### 3 Description of our business

Our LTE wireless network reached more than 99% of Canada's population coast-to-coast at December 31, 2022 with theoretical peak download speeds of up to 150 Mbps, with expected average download speeds of 18 to 40 Mbps. LTE currently accounts for 81% of our total wireless data traffic.

#### LTE-A network

With Dual-band LTE-A technology, Bell generally delivers theoretical peak download speeds of up to 260 Mbps (expected average download speeds of 18 to 74 Mbps). By assigning three radio channels or carriers to one user, we generally deliver, with Tri-band LTE-A technology, theoretical mobile data peak download speeds of up to 335 Mbps (expected average download speeds of 25 to 100 Mbps). With the addition of multiple-input and multiple-output (MIMO) technologies and quadrature amplitude modulation (QAM), we can deliver in certain areas theoretical peak download speeds of up to 800 Mbps with Dual-band LTE-A technology and 1.2 Gbps with Tri-band LTE-A technology.

Bell's LTE network is also capable of delivering Quad-band LTE-A service. Quad-band technology leverages four bands of wireless spectrum to boost LTE-A speeds to the gigabit level. In addition to employing a combination of carrier aggregation, Bell also uses 256 QAM and 4X4 MIMO technologies to increase spectrum efficiency and multiply capacity. Bell's enhanced Gigabit LTE-A network is available in select cities across Canada. Quad-band LTE-A now offers theoretical mobile data peak download speeds of up to 1.5 Gbps in markets across Canada (expected average download speeds of 25 to 325 Mbps).

At December 31, 2022, Bell's LTE-A network provided service to approximately 96% of the population in Canada. In addition, our Quad-band LTE-A service had expanded to over 60% of Canadians at December 31, 2022.

#### LTE-M network

Our LTE-M network is a subset of our LTE network supporting low-power IoT applications with enhanced coverage, longer device battery life and enabling lower costs for IoT devices connecting to Bell's national network. An expanded reciprocal roaming partnership with AT&T Inc. (AT&T) provides Bell Canadian business customers with access to AT&T's LTE-M network across the United States and also enables AT&T's customers to roam on Bell's national LTE-M network in Canada. Our LTE-M network is available in most Canadian provinces.

#### 5G network

In June 2020, Bell launched its 5G wireless network, offering enhanced mobile data speeds and the latest 5G-capable smartphones. The high capacity and near instant connections offered by mobile 5G will support a virtually unlimited range of new consumer and business applications in coming years, including AR/VR, AI and machine learning, immersive entertainment services, connected vehicles, smart cities and enhanced rural access, and IoT opportunities for business and government enterprises. In 2021, Bell acquired significant additional mid-band, flexible-use 3500 MHz wireless spectrum in the auction conducted by ISED. Essential to Canada's ongoing transition to 5G communications, these high-capacity airwaves extend Bell's leadership in delivering enhanced 5G digital experiences to Canadian consumers and businesses in urban, rural and remote communities. In 2022, Bell continued to expand its 5G network to new markets across Québec, Ontario, the Atlantic provinces and Manitoba. Bell's 5G network covered 82% of Canada's population at December 31, 2022, a significant increase from the 26% of Canada's population covered at the end of 2020, attributable to our capital expenditure acceleration program announced on February 4, 2021 and further enhanced on May 31, 2021.

In July 2022, Bell began deploying 3500 MHz wireless spectrum, unleashing the next phase of 5G advancement and allowing Bell to launch its 5G+ service. Bell 5G+ is expected to be faster and more responsive, allowing for a superior mobile experience. In Toronto, speeds with 5G+ are over 50% faster than 5G. Initially launched in southern Ontario, the service was expanded to other communities in the remainder of 2022 and reached 38% of Canada's population at December 31, 2022, with the availability of peak theoretical download speeds of 1.7 Gbps in select markets.

Also in 2022, Bell announced plans to roll out a 5G standalone (SA) core network, starting in Toronto. The addition of 3500 MHz wireless spectrum allows Bell to deliver a new 5G core network to Canadian businesses, supported by world-class SA architecture, and which is expected, over time, to unlock even faster speeds and ultra-low latency. Over time, a 5G SA core network will provide additional benefits such as network slicing and is expected to enable a full range of 5G features and functionality for both enterprise and consumer use cases, and support the massive growth of IoT.

#### Wireline

##### Voice and data network

Our national voice and data network consists of an optical fibre network with the latest technologies to provide redundancy and fault protection. It reaches all major Canadian metropolitan centres, as well as New York, Chicago, Boston, Buffalo, Detroit, Minneapolis, Ashburn (Virginia) and Seattle in the United States.

Our network in major Canadian cities provides state-of-the-art high-speed access at gigabit speeds based on IP technology. We operate a national IP multi-protocol label switching network with international gateways to the rest of the world. This network delivers next-generation, business-grade IP virtual private network (IP VPN) services that connect our customers' offices throughout Canada and around the world. The IP VPN service is the foundation platform required for the delivery of business service solutions that add value and efficiencies to customers' businesses. These technology solutions include voice over IP/IP telephony, IP videoconferencing, IP call centre applications and other future IP-based applications. In addition, we maintain extensive copper and voice-switching networks that provide traditional local and interexchange voice and data services to all business and residential customers in Ontario, Québec, the Atlantic provinces and Manitoba.

To improve reliability and increase network capacity to support the rapidly growing volumes of wireless and Internet usage carried on our networks, for several years we had been upgrading all of our fibre-based national backbone network with the deployment of 100 gigabit technologies. To satisfy continued traffic growth, in 2018 Bell started the next phase of the national backbone network upgrade with the deployment of 200 gigabit dense wavelength division multiplexing (DWDM) technologies. In April 2021, Bell announced commercial 400 gigabit wavelength service deployed across major spans of Bell's fibre infrastructure to deliver significantly increased connectivity speed and capacity while optimizing network performance and energy efficiency. 400 gigabit technology increases fibre capacity using less network hardware and more automation to deliver four times the data speed and 50% more capacity per wavelength.

Key traffic routes span more than 25,000 kilometres across Canada and into the United States.

### 3 Description of our business

On November 16, 2021, Bell and Nokia announced the first successful test of 25G PON fibre broadband technology in North America, which validates that current GPON and XGS-PON broadband technology and future 25G PON can work seamlessly together on the same fibre hardware, which is being deployed throughout the network. 25G PON delivers significant symmetrical bandwidth capacity that will support new use cases such as premium service and 5G transport.

#### High-speed fibre deployment

Our strategic imperative to build the best networks is focused on the expansion of our all-fibre network to more homes and business locations. Over the past few years, we have upgraded our access infrastructure by deploying fibre closer to our customers using FTTH with pair bonding technology, and overlaying legacy copper and FTTH with FTTP. In addition, Bell continues to deploy FTTP to all new urban and suburban housing developments in Ontario, Québec, the Atlantic provinces and Manitoba, in addition to Bell's ongoing deployment of FTTP to multi-dwelling units and business locations. In our view, FTTP, in which optical fibre cables are used to connect each and every location, is the best available network architecture to support future bandwidth-demanding IP services and applications. Our residential fibre-optic Internet service, marketed as Fibe Internet and Virgin Plus Internet, is enabled by our FTTP and FTTH networks, offering symmetrical download and upload speeds of up to 3 Gbps with FTTP through our Gigabit Fibe 3.0 service, and symmetrical download and upload speeds of up to 8 Gbps with FTTP through our Gigabit Fibe 8.0 service available in eligible areas of Toronto, as well as download speeds of up to 100 Mbps with FTTH.

In addition to the significant deployments of FTTP direct fibre connections announced in prior years, which continued throughout the Greater Toronto Area/905 region surrounding Toronto and on the island of Montréal, we have announced a number of new direct fibre expansions in the past few years, in line with our strategic imperative to build the best networks. In January 2020, we announced an investment of approximately \$400 million to expand broadband Internet access in urban and rural areas of Hamilton, including a plan to bring direct fibre network connections to more than 200,000 homes and business locations throughout the city. In March 2020, we announced an investment of approximately \$400 million to bring FTTP technology to Winnipeg, with direct fibre connections to approximately 275,000 homes and businesses throughout the city. In August 2022, we announced an investment of over \$650 million in partnership with a Government of Ontario investment of \$484 million to deploy Bell's all-fibre network to over 80,000 homes and businesses in underserved regions across Ontario by 2025, as part of the Ontario Accelerated High Speed Internet Program (AHSIP). Bell also expects to deploy its all-fibre network to an additional 37,000 homes and businesses in the vicinity of the AHSIP build.

In addition to several direct fibre deployment projects announced in a number of smaller communities over the past few years, on March 22, 2021, Bell announced that it will roll out high-speed Internet service to several underserved areas of Québec in partnership with the governments of Canada and Québec as part of their "Operation High Speed" initiative to connect all Québécois by September 2022. The Bell project provides 100% fibre Internet connections to approximately 31,000 homes and businesses in nearly 100 Québec communities. In 2021, Bell subsidiary Northwestel Inc. (Northwestel) also began offering all-fibre service to customers in Dawson City, Watson Lake and Upper Liard in Yukon as part of its Every Community Project, a three-year initiative to provide high-speed Internet to 10,000 homes and businesses across Yukon and the Northwest Territories. This follows the rollout of all-fibre connections to Hay River and Inuvik in the Northwest Territories in 2020 and 2021. In 2022, Northwestel accelerated investment in rural

broadband and brought full fibre service to residents and business in 17 remote, primarily Indigenous communities in Northern Canada as part of its Every Community Project. As a result, over 80% of households in Yukon and the Northwest Territories now have access to speeds that meet or exceed the national broadband objective of 50/10 Mbps with unlimited data.

Bell further announced multiple projects in 2022 to bring pure fibre Internet service to additional homes and businesses in urban and rural areas of Ontario, Québec, the Atlantic provinces and Manitoba. These projects formed part of Bell's accelerated capital expenditures in national next-generation network infrastructure announced on February 4, 2021 and further enhanced on May 31, 2021, and which continued in 2022, enabling the delivery of 854,000 new direct fibre connections in 2022.

In April 2022, Bell introduced Bell Gigabit Fibe 3.0, a pure fibre Internet service offering symmetrical download and upload speeds of 3 Gbps. At the time it was introduced, Bell's 3-gigabit Internet service offered the fastest Internet speeds of any major provider in Canada. The service, initially offered in eligible areas of Toronto, has since been rolled out in several communities across Ontario, Québec and the Atlantic provinces.

In September 2022, Bell introduced Bell Gigabit Fibe 8.0, with symmetrical download and upload speeds of 8 Gbps, in eligible areas of Toronto. These gigabit speeds are the fastest available in the market today among major Internet service providers (ISPs) in North America. Bell continued to expand availability of Bell Gigabit Fibe 8.0 across its footprint throughout the remainder of 2022, in addition to continuing work on its fibre buildout.

Bell Gigabit Fibe 8.0 includes the new Giga Hub with Wi-Fi 6E, enabling gigabit Wi-Fi speeds up to two times faster for connected devices shared in the home than Wi-Fi 6E solutions offered today by other major Canadian ISPs. Wi-Fi 6E is the next evolution of Wi-Fi, enabling faster speeds and lower latency when used with a compatible device, and allows customers to work, learn, video chat, stream and game online on any or all of their household devices simultaneously. Bell Giga Hub with Wi-Fi 6E is also now available to customers throughout Ontario and Québec.

At December 31, 2022, our broadband fibre network, consisting of FTTP and FTTH locations, covered approximately 10 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba.

In addition to our Fibe Internet service, we offer Internet under the Virgin Plus brand for customers in Ontario and Québec. This high-speed Internet service offers existing Virgin Plus customers download speeds of up to 300 Mbps and upload speeds of up to 100 Mbps.

Additionally, we continue to deploy our IPTV services in areas in Ontario, Québec, the Atlantic provinces and Manitoba where cable providers had long been dominant. As of December 31, 2022, our IPTV services had the capacity to service approximately 9.2 million homes in major cities and municipalities across Ontario, Québec, the Atlantic provinces and Manitoba.

#### WTTP

Bell began the buildout of WTTP to rural locations in Ontario and Québec in 2018 to enable its Wireless Home Internet broadband service and complements its FTTP network. WTTP is 5G-capable fixed wireless technology delivered over Bell's wireless network using 3500 MHz spectrum to deliver high-speed Internet service to residents in smaller and underserved communities.



### 3 Description of our business

In April 2020, as part of its response to the COVID-19 crisis, Bell announced the acceleration of its Wireless Home Internet rollout in rural Canada to approximately 137,000 additional homes by the end of April 2020. In addition, Bell expanded its Wireless Home Internet rollout to rural communities throughout the Atlantic provinces starting in the fall of 2020. In June 2021, Bell launched its Wireless Home Internet service in Manitoba with rollouts to eligible locations in 12 communities.

In 2021, Bell completed the buildout of its Wireless Home Internet service in smaller towns and rural communities across Ontario, Québec, the Atlantic provinces and Manitoba, reaching its target of 1 million locations one year ahead of schedule. The accelerated rollout of its Wireless Home Internet service formed part of Bell's accelerated capital expenditures in national next-generation network infrastructure announced on February 4, 2021 and further enhanced on May 31, 2021, and which continued in 2022.

Already delivering download speeds of up to 25 Mbps, Bell increased its Wireless Home Internet service's Internet download speeds to up to 50 Mbps and upload speeds to 10 Mbps (50/10) in the fall of 2020,

which enhanced speeds are now available to a majority of customers. Innovation in WTTTP complements Bell's extensive broadband fibre buildout in urban markets, and our deployment of WTTTP in rural locations underscores our focus on the full utilization of Bell's assigned wireless spectrum resources.

#### DSL

We also offer DSL-based Internet service in areas where Fibe Internet and Wireless Home Internet are not available, with download speeds of up to 5 Mbps.

#### Satellite TV service

We provide satellite TV service nationwide under the Bell TV brand using satellites operated by Telesat Canada (Telesat). Pursuant to a set of commercial arrangements between Bell ExpressVu Limited Partnership (Bell ExpressVu) and Telesat, Bell ExpressVu currently has two satellites under contract with Telesat. Telesat operates or directs the operation of these satellites, which are used by Bell ExpressVu to provide its satellite TV service.

## 3.7 Employees

The table below shows the number of BCE employees at December 31, 2022 and 2021.

Number of employees at December 31	2022	2021
Bell Wireless	8,261	8,415
Bell Wireline	30,704	35,691
Bell Media	5,645	5,675
Total (1)	44,610	49,781

(1) The total number of BCE employees at the end of 2022 was 44,610, down from 49,781 at December 31, 2021 due to the sale of a subsidiary, coupled with natural attrition, retirements and workforce reductions.

Approximately 43% of BCE employees were represented by unions and were covered by collective agreements at December 31, 2022.

The following collective agreements covering 250 or more employees were ratified in 2022:

- the collective agreement between Unifor and Bell Canada (Clerical) covering approximately 3,940 clerical employees expired on November 30, 2021. A new collective agreement was ratified on August 18, 2022.
- the collective agreement between Unifor and Bell Canada (Atlantic, Craft and Clerical) covering approximately 1,530 craft and clerical employees expired on December 31, 2021. A new collective agreement was ratified on September 15, 2022.
- the collective agreement between Telecommunications Employees Association of Manitoba and Bell Canada (Bell MTS) covering approximately 560 employees expired on February 19, 2022. A new collective agreement was ratified on November 2, 2022.

- the collective agreement between Unifor and Bell Technical Solutions Inc. (BTS) (Ontario, Craft) covering approximately 3,560 craft employees expired on May 6, 2022. A new collective agreement was ratified on May 28, 2022.
- the collective agreement between Unifor and BTS (Québec, Craft) covering approximately 1,630 craft employees expired on May 6, 2022. A new collective agreement was ratified on November 25, 2022.
- the collective agreement between Unifor and Bell Media (CTV Toronto Specialties) covering approximately 580 employees expired on May 31, 2022. A new collective agreement was ratified on November 9, 2022.

The following collective agreements covering 250 or more employees will expire in 2023:

- the collective agreement between Unifor and Expertech Network Installation Inc. (Craft) covering approximately 700 employees will expire on November 30, 2023.
- the collective agreement between Unifor and Bell Media (CTV Agincourt) covering approximately 460 employees will expire on December 31, 2023.

The following describes the status of collective agreements covering 250 or more employees that have already expired:

- the collective agreement between Unifor and Bell Canada (Bell MTS) covering approximately 475 employees expired on December 19, 2022. Negotiations are anticipated to begin in the first quarter of 2023.

## 3.8 Corporate responsibility

### General

ESG practices form an integral part of BCE's corporate responsibility approach. Since our founding in 1880, Bell has been enabling Canadians to connect with each other and the world around them. Our approach to corporate responsibility is to manage the company in ways that support the social and economic prosperity of our communities while

safeguarding the environment, with a commitment to the highest ESG standards.

BCE has implemented a range of ESG policies that are supported by various programs and initiatives. These policies address issues of importance to our many stakeholders, including: preventing conflicts of interest; protecting company assets; safeguarding privacy and confidentiality; treating clients, business partners, team members and

### 3 Description of our business

competitors with respect and honesty; fostering a diverse and safe workplace; and protecting the environment.

These BCE policies include, among others, the following:

- Code of Business Conduct
- Data Governance Policy
- Information Security Policy
- Privacy Policy
- Environmental Policy
- Supplier Code of Conduct
- Procurement Policy
- Political Contributions Policy
- Journalistic Independence Policy
- Mandatory Reporting of Internet Child Pornography
- Health & Safety Policy
- Employee Privacy Policy
- Mental Health Policy Statement
- Workplace Violence and Harassment Prevention Policy
- Community Investment Policy
- Human Rights and Accommodation Policy

We report annually on our corporate responsibility performance and our ESG practices. In previous years, this was done in an annual Corporate Responsibility Report. This year we will not publish a Corporate Responsibility Report. Instead, we are presenting both our financial and non-financial performance in BCE's integrated annual report for the year ended December 31, 2022 (BCE 2022 Integrated Annual Report), available at BCE.ca. For greater certainty, the BCE 2022 Integrated Annual Report is not part of this Annual Information Form and is not incorporated by reference herein.

Additional information regarding our corporate governance and risk management practices, as well as our corporate responsibility strategy and related activities and outcomes, can be found in section 1.5, *Corporate governance and risk management* and section 1.6, *Capitals and our corporate responsibility* of the BCE 2022 MD&A, on pages 22 to 32 of the BCE 2022 Annual Financial Report.

#### Environment

Environmental protection and efficient energy performance are core to our corporate responsibility approach. Our Environmental Policy, which is reviewed annually, contains principles that support our goals, ranging from exercising due diligence to meet or exceed requirements of the environmental legislation that applies to us, to preventing pollution and promoting cost-effective resource and waste minimization initiatives. We have instructed subsidiaries subject to this policy to support these principles, and have established an executive-level committee to oversee the implementation of the policy.

We monitor our operations to seek to ensure that we comply with our Environmental Policy, environmental requirements and standards, and take action seeking to prevent and correct problems when needed. We have an environmental management system in place that:

- enables systematic environmental risks and opportunities management, including cost savings
- establishes a course of corporate environmental action
- seeks to provide early warning of potential problems

- identifies environmental management accountability from top management to employees
- seeks to ensure ongoing improvement through regular monitoring and reporting

Since 2009, Bell Canada maintains an environmental management system certified to the ISO 14001 standard, making us the first North American communications company to be so designated<sup>(1)</sup>. This certification covers Bell Canada's administrative oversight of the environmental management system associated with the development of policies and procedures for the delivery of services for business sectors including landline, wireless, TV and Internet services, broadband and connectivity services, data hosting, cloud computing, radio broadcasting and digital media services. In addition, in 2020, our energy management system was certified to be ISO 50001-compliant, making us the first North American communications company to be so designated<sup>(2)</sup>. This certification covers the corporate level administrative management activities related to 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, TV, Internet services, connectivity, broadband services, data hosting and cloud computing, in addition to related general administrative functions.

One of our key tools is our Corporate Environmental Action Plan, which outlines the environmental activities of our various business units. The plan identifies funding requirements, accountabilities and deliverables, and monitors our progress in meeting our objectives.

For the year ended December 31, 2022, we spent \$12 million as expenses and \$14 million as capital expenditures for environmental activities. For 2023, we have budgeted \$14 million of expenses and \$116 million of capital expenditures to seek to ensure that our Environmental Policy is applied properly, that our environmental risks are minimized and that we progress towards our GHG emissions reduction targets.

Additional information regarding our environmental protection activities can be found in section 1.6, *Capitals and our corporate responsibility* of the BCE 2022 MD&A, on pages 25 to 32 of the BCE 2022 Annual Financial Report.

#### Summary of Task Force on Climate-related Financial Disclosures (TCFD) disclosures on climate-related risks and opportunities

##### Alignment with recommendations of the TCFD

BCE welcomes the increased demand from our stakeholders for transparency regarding our climate-related risks and opportunities. We take seriously our responsibility to disclose our performance and initiatives on climate-related matters. 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 TCFD in our TCFD Report on Climate-Related Risks and Opportunities (TCFD Report), available at BCE.ca. For greater certainty, our TCFD Report is not part of this Annual Information Form and is not incorporated by reference herein. A summary of our TCFD Report is described below.

##### Governance

The BCE Board has overall responsibility for supervising the management of BCE's business and affairs, which includes taking into account the effects of climate change. The BCE Board has established clear lines of authority and oversight over our climate-related risks and

(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 14001 certification.

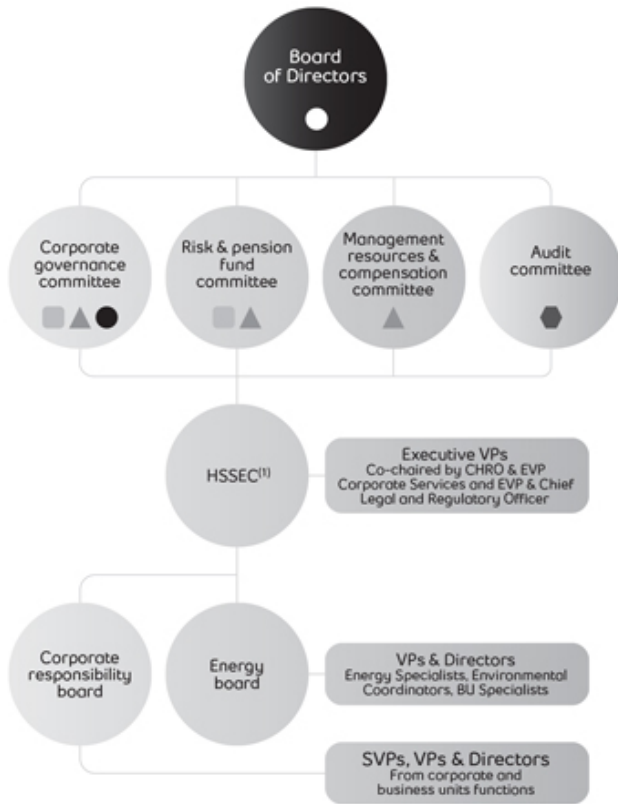
(2) Bell's review in 2020 of publicly available information for North American communications and telecommunications companies indicated Bell was the first of its North American communications and telecommunications competitors to receive ISO 50001 certification.

### 3 Description of our business

opportunities, with primary accountability at the BCE Board committee level. The committees with oversight over climate-related risks and opportunities are:

- Risk and Pension Fund Committee (RPFC): oversees environmental and business continuity risks, including those related to climate change.
- Corporate Governance Committee (CGC): responsible for the oversight of our ESG strategy and disclosure, including climate change.

- Management Resources and Compensation Committee (MRCC): oversees human resources issues and tracks our corporate performance against our ESG targets. Our GHG reduction targets are part of the ESG targets linked to compensation.
- Audit Committee (AC): monitors significant ESG issues that could impact financial reporting and approves risks and assumptions disclosure related to climate change.



(1) Health, Safety, Security, Environment and Compliance Oversight Committee

While the BCE Board is responsible for BCE's risk oversight program, management has established a governance framework through the Health, Safety, Security, Environment and Compliance Oversight Committee (HSSEC Committee). The Energy Board and the Corporate Responsibility Board report to the HSSEC. The HSSEC Committee supports the BCE Board's mandate to oversee health and safety, security, environmental and compliance risks, and seeks to ensure they are addressed through efficient programs implemented within the various business units. In addition, two management committees, the Energy Board and the Corporate Responsibility Board, report to the HSSEC Committee. We have also implemented internal working groups aimed at overseeing specific elements of our climate change strategy. This includes the Carbon Reduction Task Force, the Carbon Innovation Working Group, and the Climate Resiliency Task Force.

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 commitments and targets.

#### Climate Change (CC) Responsibility

- Establish CC authority and responsibility
- Review & monitor CC risks and opportunities; Review & monitor CC risks and assumptions disclosures
- ▲ Measure performance against CC targets
- ⬢ Approve CC risks and assumption disclosures
- Approve CC strategy, including CC metrics and targets; Approve TCFD Report

### Strategy

BCE takes the risks of climate change very seriously. We also recognize that climate change could bring opportunities for our business. This includes higher demand for our products and services, which could contribute to a cleaner economy and enhance our brand value and corporate reputation. We have identified the following main climate-related risks and opportunities that could impact BCE. Although the TCFD recommends disclosure on this matter only where such information is material, we are voluntarily reporting under this section without limiting our disclosure to what is material to BCE.

#### Climate-related risks

In alignment with the TCFD recommendations, we categorize climate-related risks into transition and physical risks. 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 six main climate-related risks, which fall under the transition and physical risk categories identified by the TCFD.

### 3 Description of our business

Climate-related risks	
<b>Transition</b>	<b>Physical</b>
<ul style="list-style-type: none"> <li>Carbon pricing <b>regulations</b>, which could increase operational costs due to rising price of energy</li> <li>End-of-life treatment of our <b>technologies</b>, which could increase operational costs due to increase in e-waste treatment programs and management systems</li> </ul>	<ul style="list-style-type: none"> <li><b>Acute</b> risks through the increased severity and frequency of extreme weather events (e.g., flooding, ice storms, wildfires and extreme temperatures), which could increase operating costs, impair assets and impact insurance requirements</li> </ul>
<ul style="list-style-type: none"> <li><b>Market</b> shifting supply and demand for energy, which could increase operational costs due to rising price of energy</li> </ul>	<ul style="list-style-type: none"> <li><b>Chronic</b> risks linked to rising mean temperatures, which could impact operating costs and increase capital investments required in new resilient technology and construction</li> </ul>
<ul style="list-style-type: none"> <li><b>Reputation</b> risks through public perception on accountability and managing climate-related issues, and climate-related disclosures and ESG rankings, which could impact demand for our products and services and cost of capital</li> </ul>	

### Climate-related opportunities

The effects of climate change can also create opportunities for BCE, including in the following areas:

Climate-related opportunities	
<b>Reputation</b>	<b>Products &amp; services</b>
<ul style="list-style-type: none"> <li><b>Enhanced public perception</b> on accountability and managing climate-related issues, which could increase demand for our products and services</li> <li>Climate-related disclosures and <b>ESG rankings</b>, as improved disclosures and rankings could lead to decrease in cost of capital</li> </ul>	<ul style="list-style-type: none"> <li><b>Development and increased growth</b> of our digital products and services, which could help customers to reduce their carbon footprint and adapt to climate change by improving business resiliency</li> </ul>

### Climate scenario analysis

In 2021, we updated our previous climate-related scenario analysis from 2020 to reflect the latest Intergovernmental Panel on Climate Change (IPCC) conclusions.

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 identified as having a potential financial impact on our business:

- Physical risks: Flooding, wildfires, ice storms and temperature
- Transition risks: Regulation and reputation

The results of the scenario analysis were provided to BCE's HSSEC, CGC and RPF. This enables these committees to review the 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.

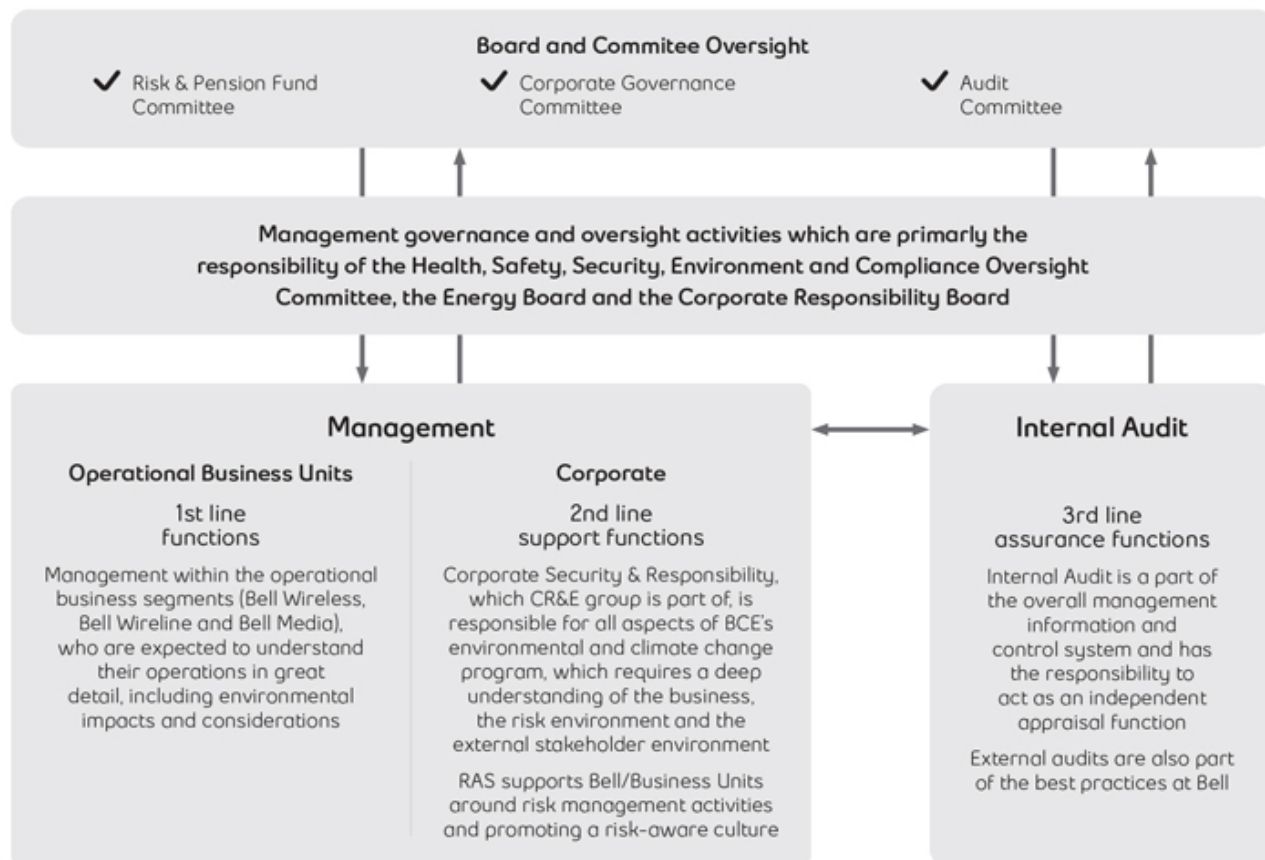
### Risk management

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 ensures 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.

*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 RPF. 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 BCE Board.

*Assessment of climate-related opportunities:* We seek to prioritize initiatives with the highest potential for carbon reduction either for the company or for our customers. Opportunities are assessed based on a cost-benefit approach by the Energy Board and findings are reported to the HSSEC Committee, the RPF and CGC, and evaluated for potential benefit to Bell.



**Metrics and targets**

BCE assesses climate-related risks and opportunities in line with its strategy and risk management processes. Although the TCFD recommends disclosure on key metrics and targets only where such information is material, we voluntarily report without limiting our disclosure to what is material to BCE. The key metrics used to monitor our performance are:

- *Opportunity metrics – Carbon abatement by our customers:* Bell's products and services used by our external customers and within our own operations help fight climate change and adapt to its impacts. Bell technologies have enabled carbon abatement, both for our external customers and within our own operations, of more than 1,379 kilotonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) in 2020. This is equal to 5.2 times our operational carbon footprint<sup>(1)</sup>. Our vision for the future is to continually increase Bell technologies' carbon abatement ratio<sup>(2)</sup> by developing and providing carbon-reducing products and services<sup>(3)</sup>.
- *Risk metrics:* The Climate Resiliency Task Force has the mandate to identify new risk metrics that will allow us to monitor our performance on managing our climate-related risks. This is done for each business unit that is directly impacted by climate change.

- *Emissions targets and performance:* We seek to reduce our GHG emissions, both within our operations as well as up and down the value chain, in order to manage performance against our climate-related goals and to monitor current and future climate-related risks. We set GHG emission reduction targets to signal the importance of doing our part for climate change, ignite innovation in projects that may reduce emissions and drive progress in the right direction. We expect that the achievement of our targets will help reduce operating costs, minimize exposure to carbon pricing, benefit our reputation and introduce new market opportunities.

We are undertaking targets to be carbon neutral for our operational GHG emissions starting in 2025. We have set the following science-based targets, approved by the Science Based Targets initiative<sup>(4)</sup>:

- Reduce our absolute scope 1 and scope 2 GHG emissions<sup>(5)</sup> 57% by 2030 from a 2020 base year
- Reach 64% of our suppliers by spend covering purchased goods and services having SBTs by 2026
- Reduce our absolute scope 3 GHG emissions from categories other than purchased goods and services<sup>(6)</sup> 42% by 2030 from a 2020 base year

(1) Based on a methodology we developed in collaboration with Groupe AGECO, a third-party consultant with an expertise in GHG quantification, that quantifies the carbon reduction capacity of our products and services.

(2) Our carbon abatement ratio is defined as the number of times by which GHG emissions abated through the use of Bell technologies exceed GHG emitted by Bell's operations.

(3) 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.

(4) Our SBTs may need to be 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).

(5) Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by Bell. Scope 2 emissions are indirect GHG emissions associated with the generation of electricity, heating/ cooling or steam purchased for Bell's own consumption.

(6) Scope 3 categories covered by this target 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.

## 3.9 Competitive environment

A discussion of our competitive environment can be found in section 3.3, *Principal business risks* and the various subsections entitled *Competitive landscape and industry trends* and *Principal business risks* of the BCE 2022 MD&A, on pages 39 to 43, 55 and 56, 60 and 61, 63 and 64, 67, and 69 of the BCE 2022 Annual Financial Report.

See also section 3.3, *Competitive strengths* in this Annual Information Form for more information concerning our competitive position.

## 3.10 Regulatory environment

A discussion of certain legislation that governs our businesses, as well as government consultations and recent regulatory initiatives and proceedings affecting us, can be found in section 8, *Regulatory environment* of the BCE 2022 MD&A, on pages 86 to 90 of the BCE 2022 Annual Financial Report.

More information about the Canadian ownership restrictions on BCE's common shares can be found in section 5.1, *BCE securities* in this Annual Information Form.

## 3.11 Intangible properties

### Intellectual property

We use various works protected by intellectual property rights (IP Assets), which we own or for which we have been granted rights of use. These IP Assets include, without limitation: brand names; trademarks such as names, designs and logos; copyrights of content, programs and musical works; broadcast signals, software and applications; domain names; patents or patent applications for inventions owned or produced by us and our employees; and various other copyright materials, trademarks, patents and other intellectual property owned or licensed by us. We derive value through the use of these IP Assets in various business activities, and they are important to our operations and our success. To protect these IP Assets, we rely on a combination of legal protections afforded under copyright, trademark, patent and other intellectual property laws, as well as contractual provisions under licensing arrangements.

In particular, the Bell brand plays a key role in product positioning. Our branding is straightforward and directly supports our strategy of delivering a better customer experience at every level. Our trademark rights are perpetual, provided that their registrations are renewed on a timely basis when applicable and that the trademarks are used in commerce by us or our licensees. Other types of intangible proprietary information are also important to our operations, such as customer lists.

We believe that we take reasonable and appropriate measures to protect, renew and defend our IP Assets, including prosecuting infringers, and we take great care not to infringe on the intellectual property rights of others. However, we cannot provide any assurance that the laws protecting intellectual property in various jurisdictions are, or will continue to be, adequate to protect our IP Assets or that we will be successful in preventing or defending claims by others asserting rights in or to our IP Assets.

### Spectrum and broadcasting licences

Our intangible assets also include spectrum licences from ISED, which provide us with the right to utilize designated wireless spectrum to provide our wireless services, and broadcasting licences from the Canadian Radio-television and Telecommunications Commission (CRTC), which enable us to deliver Bell Media's content to Canadians.

Our wireless spectrum licence holdings extend 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 MHz of spectrum per Canadian. In previous years, we have deployed 600 MHz, 700 MHz, 2300 MHz, 2500 MHz, 1900 MHz, AWS and 850 MHz as part of our wireless networks, and in 2022 we began deploying our 3500 MHz spectrum acquired in the 2021 auction. We intend to renew existing licences to meet network capacity requirements.

Broadcasting licences, issued by the CRTC, are important to the success of our Bell Media segment, as they allow us to deliver radio and TV services in the communities in which we operate. We seek to maintain and renew, as applicable, all such broadcasting licences required for our operations. Many of our licences are set for a five-year term and reviewed by the CRTC under a group licence approach. While we expect to continually renew our licences, the terms under which they are provided may change from one licence term to another.

## 4 General development of our business – three-year history

This section contains forward-looking statements, including relating to key transactions and the benefits expected to result therefrom. Refer to section 1, *Caution regarding forward-looking statements* in this Annual Information Form.

In line with our strategic imperatives, during the last three completed financial years we have entered into transactions and implemented various business strategies and corporate initiatives that have influenced the general development of our business. During this period, our regulatory environment has also influenced the general development of our business. The principal transactions, regulatory developments, business strategies and corporate initiatives that have influenced the general development of our business during the last three completed financial years are discussed below.

### 4.1 Transactions

#### Proposed disposition of production studios

In December 2022, we entered into an agreement to sell our 63% ownership in certain production studios and production studios currently under construction, which are included in our Bell Media segment. The transaction is expected to close in the first half of 2023 once we achieve substantial completion of the construction of the production studios and subject to customary closing conditions. As at December 31, 2022, construction of the production studios was ongoing and there remain significant construction activities which must be completed. We estimate we will receive cash proceeds of approximately \$220 million from the sale transaction, which amount may vary primarily based on the actual cost incurred to complete the construction of the production studios.

#### Key completed transactions

We have concluded a number of transactions, including acquisitions, partnerships and investments, from 2020 to 2022 to support our strategic imperatives and our purpose to advance how Canadians connect with each other and the world. More information with respect to the most significant of these transactions is provided in the table below.

Transaction	Key characteristics
<b>Acquisition of Distributel Communications Limited (Distributel) (2022)</b>	<ul style="list-style-type: none"> <li>On December 1, 2022, Bell completed its acquisition of 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. The acquisition of Distributel is expected to support growth in Bell's residential and business customers. Distributel's results are included in those of our Bell Wireline segment.</li> </ul>
<b>Acquisition of EBOX (2022)</b>	<ul style="list-style-type: none"> <li>In February 2022, Bell acquired EBOX and other related companies, which provide Internet, telephone and television services to consumers and businesses in Québec and parts of Ontario, for cash consideration of \$153 million (\$139 million net of cash acquired). Bell maintains the EBOX brand and operations, and EBOX continues providing telecommunications options for consumers and businesses in these areas.</li> <li>The acquisition is expected to accelerate growth in Bell's residential and small business customers. The results of the acquired business are included in those of our Bell Wireline segment.</li> </ul>
<b>Sale of data centres to Equinix, Inc. (Equinix) (2020)</b>	<ul style="list-style-type: none"> <li>On June 1, 2020, BCE announced that it had entered into a definitive agreement to sell 25 data centres at 13 sites, representing substantially all of its data centre operations, to global interconnection and data centre company Equinix in an all-cash transaction valued at \$1.04 billion. In the fourth quarter of 2020, we completed the sale for proceeds of \$933 million, net of debt and other items.</li> <li>The transaction reinforces Bell's strategy to focus investment on network infrastructure, content and service innovation.</li> </ul>

#### Acquisition of 3500 MHz wireless spectrum

In 2021, Bell acquired significant additional mid-band, flexible-use 3500 MHz wireless spectrum in the auction by ISED. Essential to Canada's ongoing transition to 5G communications, these high-capacity airwaves extend Bell's leadership in delivering enhanced 5G digital experiences to Canadian consumers and businesses in urban, rural and remote communities. Bell acquired 271 licences for 678 million MHz-Pop of 3500 MHz spectrum – critical to enabling the full potential of 5G – for \$2.07 billion. This acquisition increased Bell's total 3500 MHz spectrum holdings to 1,690 million MHz-Pop, or 37% of this high-value spectrum available to national wireless carriers, acquired at an average cost of \$1.25 per MHz-Pop.

#### Normal course issuer bid for BCE Preferred Shares

On November 5, 2020, BCE announced a normal course issuer bid (2020 NCIB) to purchase for cancellation up to 10% of the public float of each series of BCE's outstanding Preferred Shares that are listed on the Toronto Stock Exchange (TSX). The 2020 NCIB extended from November 9, 2020 to November 8, 2021, and BCE repurchased and cancelled an aggregate of 41,400 Preferred Shares under the 2020 NCIB. On November 4, 2021, BCE announced the renewal of its normal course issuer bid (2021 NCIB), which extended from November 9, 2021 to November 8, 2022. BCE did not repurchase any Preferred Shares under the 2021 NCIB. On November 3, 2022, BCE announced the renewal of its normal course issuer bid (2022 NCIB), which will extend from November 9, 2022 to November 8, 2023, or an earlier date should BCE complete its purchases under the 2022 NCIB. BCE initiated the 2022 NCIB because it believes that, from time to time, the Preferred

#### 4 General development of our business – three-year history

Shares may trade in price ranges that do not fully reflect their value. BCE believes that, in such circumstances, the repurchase of its Preferred Shares represents an appropriate use of its available funds.

The actual number of Preferred Shares to be repurchased under the 2022 NCIB and the timing of such repurchases will be at BCE's discretion and shall be subject to the limitations set out by the TSX.

The 2022 NCIB may be conducted through the facilities of the TSX as well as alternative trading systems in Canada, if eligible, or by such other means as may be permitted by securities regulatory authorities. At December 31, 2022, BCE had repurchased and cancelled 584,300 Preferred Shares under the 2022 NCIB.

## 4.2 Corporate developments

Refer to the sections of the BCE 2020 MD&A and BCE 2021 MD&A, contained in the BCE 2020 Annual Report and BCE 2021 Annual Report, respectively, indicated in the adjacent table for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial years ended December 31, 2020 and December 31, 2021 that have influenced the general development of our business in 2020 and 2021. Refer to the sections of the BCE 2022 MD&A, contained in the BCE 2022 Annual Financial Report, indicated in the adjacent table for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial year ended December 31, 2022 that have influenced the general development of our business in 2022, and the priorities we intend to focus on in 2023.

MD&A	Section references
BCE 2020 MD&A	Section 1.3, <i>Key corporate developments</i>
	Section 1.4, <i>Capital markets strategy</i>
	Section 2, <i>Strategic imperatives – 2020 progress for each strategic imperative</i>
BCE 2021 MD&A	Section 1.3, <i>Key corporate developments</i>
	Section 1.4, <i>Capital markets strategy</i>
	Section 2, <i>Strategic imperatives – 2021 progress for each strategic imperative</i>
BCE 2022 MD&A	Section 1.3, <i>Key corporate developments</i>
	Section 1.4, <i>Capital markets strategy</i>
	Section 2, <i>Strategic imperatives – 2022 progress for each strategic imperative</i>
	Section 2, <i>Strategic imperatives – 2023 focus for each strategic imperative</i>

## 4.3 Regulatory environment

During the past three financial years, the general development of our business has been affected, and will continue to be affected, by decisions made by the Government of Canada and its relevant departments and agencies, including the CRTC, ISED, Canadian Heritage and the Competition Bureau. Although most of our retail services are not price-regulated, government agencies and departments such as those mentioned above 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. Refer to section 8, *Regulatory environment* of the BCE 2020 MD&A, BCE 2021 MD&A and BCE 2022 MD&A contained in the BCE 2020 Annual Report, BCE 2021 Annual Report and BCE 2022 Annual Financial Report, respectively, for a discussion of the regulatory initiatives and proceedings that influenced, in the financial years ended December 31, 2020, 2021 and 2022, and may in the future influence, the general development of our business.



## 5 Our capital structure

This section describes BCE's and Bell Canada's securities, the trading of certain of such securities on the TSX and the ratings that certain rating agencies have attributed to BCE's preferred shares and Bell Canada's debt securities that are issued and outstanding.

### 5.1 BCE securities

BCE's articles of amalgamation, as amended, provide for an unlimited number of common shares, an unlimited number of first preferred shares issuable in series, an unlimited number of second preferred shares also issuable in series and an unlimited number of Class B shares. As at March 2, 2023, BCE had no Class B shares or second preferred shares outstanding.

Each common share entitles its holder to one vote at any meeting of shareholders. Additional information about the terms and conditions of the BCE preferred shares, common shares and Class B shares can be found in Note 30, *Share capital* of the BCE 2022 consolidated financial statements, on pages 157 and 158 of the BCE 2022 Annual Financial Report.

Since 1993, the *Telecommunications Act* and associated regulations (Telecom Regulations) have governed Canadian ownership and control of Canadian telecommunications carriers. Bell Canada and other affiliates of BCE that are Canadian carriers are subject to this Act. In 2012, amendments to the *Telecommunications Act* largely eliminated the foreign ownership restrictions for any carrier that, with its affiliates, has annual revenues from the provision of telecommunications services in Canada that represent less than 10% of the total annual revenues from the provision of these services in Canada, as determined by the CRTC. However, given that Bell Canada and its affiliates exceed this 10% threshold, they remain subject to the pre-existing Canadian ownership and control restrictions, which are detailed below.

Under the *Telecommunications Act*, in order for a corporation that exceeds the 10% threshold mentioned above to operate as a Canadian common carrier, the following conditions have to be met:

- Canadians own at least 80% of its voting shares
- at least 80% of the members of the carrier company's board of directors are Canadian, and
- the carrier company is not controlled by non-Canadians.

In addition, where a parent company (Carrier holding company) owns at least 66 $\frac{2}{3}$ % of the voting shares of the carrier company (subject to ownership rules), the Carrier holding company must have at least 66 $\frac{2}{3}$ % of its voting shares owned by Canadians and must not be controlled by non-Canadians. BCE is a Carrier holding company. The Telecom Regulations give certain powers to the CRTC and to Canadian carriers and Carrier holding companies to monitor and control the level of non-Canadian ownership of voting shares to ensure compliance with the *Telecommunications Act*. Accordingly, BCE, which controls Bell Canada and other Canadian carriers, must satisfy the following conditions:

- Canadians own at least 66 $\frac{2}{3}$ % of its voting shares, and
- it is not controlled by non-Canadians.

The powers under the Telecom Regulations include the right to:

- suspend the voting rights attached to shares considered to be owned or controlled by non-Canadians
- refuse to register a transfer of voting shares to a non-Canadian, and
- force a non-Canadian to sell his or her voting shares.

However, in our case, there is an additional control restriction under the *Bell Canada Act*. Prior approval by the CRTC is necessary for any sale or other disposal of Bell Canada's voting shares unless BCE retains at least 80% of all Bell Canada voting shares.

Similarly, the Canadian ownership rules under the *Broadcasting Act* for broadcasting licensees, such as Bell Media and Bell Canada, generally mirror the rules for Canadian-owned and -controlled common carriers under the *Telecommunications Act* by restricting allowable foreign investments in voting shares at the licensee operating company level to a maximum of 20% and at the holding company level to a maximum of 33 $\frac{1}{3}$ %. An additional requirement under these Canadian broadcasting ownership rules is that the chief executive officer of a company that is a licensed broadcasting undertaking must be a Canadian citizen or permanent resident of Canada. The CRTC is precluded under a direction issued under the *Broadcasting Act* from issuing, amending or renewing a broadcasting licence of an applicant that does not satisfy these Canadian ownership and control criteria.

Cultural concerns over increased foreign control of broadcasting activities also require broadcasting licensees to establish programming committees when foreign investment in their holding company, while within permissible limits, exceeds 20%. In line with CRTC practice, programming committees have been established within the relevant subsidiary licensees, thereby allowing foreign investment in voting shares of BCE to reach the maximum of 33 $\frac{1}{3}$ %.

We monitor the level of non-Canadian ownership of BCE's common shares by obtaining data on: (i) registered shareholders from our transfer agent and registrar, TSX Trust Company, and (ii) beneficial shareholders from the Canadian Depository for Securities (CDS) and the Depository Trust Company (DTC) in the United States. We also provide periodic reports to the CRTC.

As of March 2, 2023, BCE had no debt securities outstanding.

## 5.2 Bell Canada debt securities

### Bell Canada long-term debt securities

As at December 31, 2022, Bell Canada had issued or assumed long-term debt securities as summarized in the table below.

Debt securities	Weighted average interest rate	Maturity	At December 31, 2022 (in \$ millions)
1997 trust indenture	3.82%	2023-2051	16,747
1976 trust indenture	9.38%	2027-2054	975
1996 trust indenture (subordinated)	8.21%	2026-2031	275
2016 U.S. trust indenture <sup>(1)</sup>	3.32%	2024-2052	6,525
2011 trust indenture <sup>(2)</sup>	4.00%	2024	225
<b>Total</b>			<b>24,747</b>

(1) As at December 31, 2022, Bell Canada had issued notes under the 2016 U.S. trust indenture for an aggregate amount of \$4.85 billion in U.S. dollars, which have been hedged for foreign currency fluctuations through cross currency interest rate swaps.

(2) As part of the acquisition of Manitoba Telecom Services Inc. (MTS), on March 17, 2017, Bell Canada assumed all of MTS' debt issued under its 2011 trust indenture.

The Bell Canada long-term debt securities are unsecured and have been guaranteed by BCE. Additional information about the terms and conditions of the Bell Canada long-term debt securities can be found in Note 25, *Long-term debt* of the BCE 2022 consolidated financial statements on pages 147 and 148 of the BCE 2022 Annual Financial Report.

On March 16, 2022, Bell Canada redeemed, prior to maturity, all of its outstanding \$1.0 billion principal amount of 3.35% Debentures, Series M-26, due March 22, 2023, at a price equal to \$1,017.396 per \$1,000 of principal amount of debentures plus \$16.062 per \$1,000 of principal amount for accrued and unpaid interest (the M-26 Redemption).

Under its shelf prospectus dated November 16, 2020 (2020 Shelf Prospectus), Bell Canada could issue, over a 25-month period, up to \$6 billion of unsecured debt securities. In addition, under its prospectus supplement dated March 12, 2021 (2021 Prospectus Supplement), Bell Canada could issue, over the same period, up to \$6 billion of unsecured Medium Term Notes (MTN) Debentures.

On February 11, 2022, Bell Canada issued, under the 2020 Shelf Prospectus and a prospectus supplement dated February 8, 2022, US\$750 million (C\$954 million) principal amount of 3.65% Series US-7 Notes, at a price of US\$99.144 per US\$100 principal amount, to mature on August 15, 2052. The net proceeds of the offering were used to fund the M-26 Redemption.

In order to continue to provide Bell Canada with financial flexibility and efficient access to Canadian and U.S. debt capital markets, on March 7, 2022, Bell Canada filed with the Canadian provincial securities regulatory authorities and with the SEC a new shelf prospectus (2022 Shelf Prospectus) under which Bell Canada may issue unsecured debt securities from time to time over a 25-month period. The 2022 Shelf Prospectus effectively replaced the 2020 Shelf Prospectus and effectively cancelled the 2021 Prospectus Supplement. On May 19, 2022, Bell Canada filed a new prospectus supplement (2022 Prospectus Supplement) for the issue of unsecured MTN Debentures under the 2022 Shelf Prospectus.

On November 10, 2022, Bell Canada issued, under the 2022 Shelf Prospectus and 2022 Prospectus Supplement, \$1.0 billion principal amount of 5.85% MTN Debentures, Series M-57, at a price of \$99.768 per \$100 principal amount, to mature on November 10, 2032. The net proceeds of the offering were used to repay short-term debt and for general corporate purposes.

On February 9, 2023, Bell Canada issued, under the 2022 Shelf Prospectus and 2022 Prospectus Supplement, \$1.5 billion principal amount of MTN Debentures in two series. The \$1.05 billion 4.55% MTN Debentures, Series M-58, were issued at a price of \$99.787 per \$100 principal amount, to mature on February 9, 2030. The \$450 million 5.15% MTN Debentures, Series M-59, were issued at a price of \$99.500 per \$100 principal amount, to mature on February 9, 2053. The net proceeds of the offerings were used to repay short-term debt and for general corporate purposes.

As at March 2, 2023, Bell Canada had issued \$2.5 billion principal amount of debt securities under its 2022 Shelf Prospectus.

Bell Canada is required, under certain conditions, to make an offer to repurchase all or, at the option of the holder thereof, any part of certain series of its debt securities upon the occurrence of both a "Change of Control" of BCE or Bell Canada and a "Rating Event" relating to the relevant series of debt securities, as defined in the terms and conditions of the relevant series of debt securities or in the relevant trust indenture, as applicable (the Repurchase upon Change of Control Triggering Event). In addition, MTS' 2011 trust indenture assumed by Bell Canada imposes covenants that place limitations on the issuance of additional debt with a maturity date exceeding one year based on certain tests related to interest and asset coverage. Bell Canada is in compliance with all conditions and restrictions of its debt securities.

### Bell Canada commercial paper

Bell Canada may issue short-term notes (CP Notes) under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of \$3.0 billion in either Canadian or U.S. currency provided that at no time shall such aggregate principal amount of CP 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 of March 2, 2023. The sale of CP Notes pursuant to Bell Canada's separate Canadian or U.S. program decreases the Canadian or U.S. \$3.0 billion maximum principal amount of CP Notes authorized to be outstanding at any time under both programs, with one Canadian dollar being treated as equal to one U.S. dollar for purposes of this limitation. At March 2, 2023, Bell Canada had CP Notes outstanding under its U.S. program in the principal amount of US\$1,668 million (C\$2,255 million when taking into account hedges with forward currency contracts against foreign currency fluctuations). As at the same date, no CP Notes were outstanding under Bell Canada's Canadian program.

## 5.3 Credit ratings

Ratings generally address the ability of a company to repay principal and pay interest or dividends on issued and outstanding securities.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available depend partly on our assigned credit ratings at the time capital is raised. Investment grade ratings usually mean that when we borrow money, we qualify for lower interest rates than companies that have ratings below investment grade. Credit ratings are subject to change based on a number of factors including, but not limited to, our financial strength, competitive position, liquidity and other factors that are not completely within our control. There is no assurance that we will maintain our current credit ratings and a ratings downgrade could result in adverse consequences for our funding capacity or our ability to access the capital markets.

As of March 2, 2023, BCE's preferred shares are rated by DBRS Limited (DBRS) and S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. (S&P), and Bell Canada's debt securities are rated by DBRS, Moody's Investors Service, Inc. (Moody's) and S&P.

### Ratings for BCE and Bell Canada securities

#### Ratings for Bell Canada short-term debt securities

Short-term debt securities	Rating agency	Rating	Rank
Bell Canada commercial paper	DBRS	R-2 (high)	4 out of 10
	Moody's	P-2	2 out of 4
	S&P	A-1 (Low) (Canadian scale)	3 out of 8
		A-2 (Global scale)	3 out of 7

#### Ratings for Bell Canada long-term debt securities

Short-term debt securities	Rating agency	Rating	Rank
Bell Canada unsubordinated long-term debt securities	DBRS	BBB (high)	8 out of 26
	Moody's	Baa1	8 out of 21
	S&P	BBB+	8 out of 22
Bell Canada subordinated long-term debt securities	DBRS	BBB (low)	10 out of 26
	Moody's	Baa2	9 out of 21
	S&P	BBB	9 out of 22

#### Ratings for BCE preferred shares

Short-term debt securities	Rating agency	Rating	Rank
BCE preferred shares	DBRS	Pfd-3	8 out of 16
	S&P	P-2 (Low) (Canadian scale)	6 out of 18
		BBB- (Global scale)	8 out of 20

As of March 2, 2023, BCE and Bell Canada's credit ratings have stable outlooks from DBRS, Moody's and S&P.

This section describes the credit ratings, as of March 2, 2023, for certain of the issued and outstanding securities of BCE and Bell Canada. These ratings provide investors with an independent measure of the credit quality of an issue of securities. However, they are not recommendations to buy, sell or hold any of the securities referred to below, 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.

In the past two years, we have paid rating agencies to assign ratings to BCE's preferred shares, as well as to Bell Canada's short-term and long-term debt securities. The fees paid to DBRS and S&P include access to their websites. In addition, we paid DBRS and Moody's for services provided relating to ratings assigned in connection with Bell Canada's securitization programs.

## General explanation

### Short-term debt securities

The table below shows the range of credit ratings that each rating agency assigns to short-term debt instruments, and is based upon public statements from the respective rating agencies as of March 2, 2023.

	Highest quality of securities rated	Lowest quality of securities rated
DBRS	R-1 (high)	D
Moody's	P-1	NP
S&P (Canadian scale)	A-1 (High)	D
S&P (Global scale)	A-1+	D

The DBRS short-term debt rating scale provides an opinion on the risk that a borrower will not meet its short-term financial obligations in a timely manner. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims.

Moody's short-term ratings are assigned to obligations with an original maturity of 13 months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment.

An S&P Canadian commercial paper rating is a forward-looking opinion about the capacity of an obligor to meet financial commitments associated with a specific commercial paper program or other short-term financial instrument, relative to the debt servicing and repayment capacity of other obligors active in the Canadian domestic financial markets with respect to their own financial obligations.

An S&P Global rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program, and about the obligor's capacity and willingness to meet its financial commitments.

### Long-term debt securities

The table below shows the range of credit ratings that each rating agency assigns to long-term debt instruments, and is based upon public statements from the respective rating agencies as of March 2, 2023.

	Highest quality of securities rated	Lowest quality of securities rated
DBRS	AAA	D
Moody's	Aaa	C
S&P	AAA	D

The DBRS long-term debt rating scale provides an opinion on the risk of default; that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims.

Moody's long-term debt ratings are assigned to issuers or obligations with an original maturity of eleven months or more and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment.

S&P's long-term debt credit rating scale provides a forward-looking opinion of the creditworthiness of a company in meeting a specific financial obligation, a specific class of financial obligations or a specific financial program. It takes into consideration the likelihood of payment; that is, the capacity and willingness of the company to meet its financial commitment on an obligation according to the terms of the obligation, among other factors.

### Preferred shares

The table below describes the range of credit ratings that each rating agency assigns to preferred shares and is based upon public statements from the respective rating agencies as of March 2, 2023.

	Highest quality of securities rated	Lowest quality of securities rated
DBRS	Pfd-1 (high)	D
S&P (Canadian scale)	P-1 (High)	D
S&P (Global scale)	AA	D

The DBRS preferred share rating scale reflects an opinion of the risk that an issuer will not fulfill its obligations with respect to both dividends and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the issuing entity.

S&P's Canadian preferred share rating is a forward-looking opinion about the creditworthiness of an obligor in meeting a specific preferred share obligation issued in the Canadian market, compared to preferred shares issued by other issuers in the Canadian market.

An S&P Global rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program, and about the obligor's capacity and willingness to meet its financial commitments.

**Explanation of rating categories received for our securities**

The following explanations of the rating categories received for our securities have been published by the applicable rating agencies. The explanations and corresponding rating categories provided below are subject to change by the applicable rating agencies.

Rating agency	Description of securities	Rating category	Explanation of rating category received
DBRS	Short-term debt	R-2 (high)	upper end of adequate credit quality capacity for the payment of short-term financial obligations as they fall due is acceptable may be vulnerable to future events
	Long-term debt	BBB (high)	adequate credit quality capacity for the payment of financial obligations is considered acceptable may be vulnerable to future events
	Long-term subordinated debt	BBB (low)	adequate credit quality capacity for the payment of financial obligations is considered acceptable may be vulnerable to future events
	Preferred shares	Pfd-3	adequate credit quality protection of dividends and principal is still considered acceptable, but the company is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Generally, companies with Pfd-3 ratings correspond with companies with a BBB category or higher reference point
Moody's	Short-term debt	P-2	a strong ability to repay short-term debt obligations
	Long-term debt	Baa	subject to moderate credit risk considered medium-grade and may have certain speculative characteristics
S&P	Short-term debt	A-1 (Low) (Canadian scale) A-2 (Global scale)	satisfactory capacity of the company to fulfill its financial commitment on the obligation somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than obligations rated higher
	Long-term debt	BBB	adequate protection parameters adverse economic conditions or changing circumstances are more likely to weaken the obligor's ability to meet its financial commitments
	Preferred shares	P-2 (Low) (Canadian scale) BBB- (Global scale)	adequate protection parameters adverse economic conditions or changing circumstances are more likely to weaken the obligor's ability to meet its financial commitments

## 5.4 Trading of our securities

The common and first preferred shares of BCE are listed on the TSX under the respective symbols set out in the tables below. BCE's common shares are also listed on the New York Stock Exchange (NYSE) under the symbol BCE.

The tables below and on the next page show the range in share price per month and volume traded on the TSX in 2022 for BCE's common shares and each series of BCE's first preferred shares.

	First preferred shares										
	Common shares (BCE)	Series R (BCE.PR.R)	Series S (BCE.PR.S)	Series T (BCE.PR.T)	Series Y (BCE.PR.Y)	Series Z (BCE.PR.Z)	Series AA (BCE.PR.A)	Series AB (BCE.PR.B)	Series AC (BCE.PR.C)	Series AD (BCE.PR.D)	Series AE (BCE.PR.E)
<b>January 2022</b>											
High	\$67.250	\$20.960	\$21.250	\$25.270	\$21.480	\$22.350	\$21.820	\$21.390	\$22.240	\$21.400	\$21.360
Low	\$64.135	\$19.800	\$19.330	\$23.970	\$20.500	\$20.720	\$20.600	\$20.310	\$21.460	\$19.990	\$20.400
Volume	50,649,630	316,448	29,550	1,534,586	111,288	25,210	253,676	102,354	95,826	227,217	168,867
<b>February 2022</b>											
High	\$68.170	\$20.160	\$21.150	\$24.280	\$21.150	\$21.470	\$21.570	\$21.260	\$21.930	\$21.200	\$21.100
Low	\$65.050	\$18.520	\$20.500	\$22.860	\$20.140	\$20.380	\$20.130	\$20.180	\$20.420	\$20.160	\$19.550
Volume	58,241,451	131,510	10,225	684,229	352,580	24,298	180,047	182,636	103,288	155,181	71,520
<b>March 2022</b>											
High	\$71.940	\$19.180	\$20.500	\$24.000	\$20.710	\$20.550	\$20.810	\$20.730	\$21.150	\$20.630	\$20.450
Low	\$66.450	\$17.950	\$19.090	\$22.160	\$19.130	\$19.220	\$19.130	\$19.270	\$19.350	\$19.110	\$18.940
Volume	128,764,898	154,669	32,057	598,468	130,950	27,691	207,200	133,802	287,134	168,261	265,782
<b>April 2022</b>											
High	\$74.090	\$18.950	\$20.110	\$23.620	\$20.410	\$20.470	\$20.500	\$20.500	\$20.830	\$20.340	\$20.160
Low	\$68.220	\$15.900	\$17.900	\$20.320	\$17.770	\$18.200	\$17.830	\$17.260	\$18.150	\$18.030	\$18.010
Volume	58,323,847	95,803	32,264	288,031	117,032	30,986	291,662	83,013	190,770	105,070	151,692
<b>May 2022</b>											
High	\$70.530	\$17.060	\$18.340	\$21.510	\$19.000	\$19.170	\$19.090	\$19.020	\$19.620	\$19.070	\$19.150
Low	\$66.795	\$14.870	\$18.120	\$20.120	\$18.040	\$17.930	\$18.020	\$18.100	\$18.430	\$18.110	\$18.050
Volume	60,348,181	60,119	2,200	150,597	115,687	20,445	132,936	107,432	78,999	85,997	50,367
<b>June 2022</b>											
High	\$69.060	\$17.520	\$19.490	\$22.350	\$19.690	\$20.060	\$19.810	\$19.810	\$20.000	\$19.820	\$19.650
Low	\$61.420	\$15.360	\$18.610	\$19.450	\$18.680	\$18.620	\$18.770	\$18.970	\$18.830	\$18.690	\$18.410
Volume	94,814,778	80,679	12,326	451,872	269,134	13,352	156,077	87,945	85,480	54,112	101,172
<b>July 2022</b>											
High	\$64.965	\$15.600	\$18.420	\$19.870	\$18.900	\$18.850	\$19.240	\$19.000	\$18.990	\$18.800	\$18.790
Low	\$62.440	\$14.180	\$17.350	\$18.450	\$17.560	\$17.810	\$17.850	\$17.650	\$17.640	\$17.500	\$17.480
Volume	42,448,135	60,020	16,700	151,358	110,972	7,994	171,120	106,563	94,335	68,761	43,980
<b>August 2022</b>											
High	\$66.050	\$16.390	\$18.940	\$20.150	\$19.220	\$19.150	\$19.440	\$19.410	\$19.110	\$19.090	\$19.060
Low	\$62.960	\$14.920	\$17.900	\$19.490	\$17.500	\$18.210	\$18.020	\$18.100	\$17.960	\$17.680	\$17.570
Volume	44,428,852	195,522	14,211	329,495	86,392	8,500	446,842	329,508	50,821	147,809	77,538
<b>September 2022</b>											
High	\$64.490	\$16.100	\$19.350	\$19.760	\$19.190	\$19.530	\$19.100	\$19.170	\$19.000	\$19.050	\$19.200
Low	\$57.510	\$14.260	\$17.800	\$17.210	\$17.690	\$17.680	\$16.630	\$17.650	\$17.300	\$17.750	\$17.650
Volume	67,656,059	52,181	60,268	82,911	58,793	12,575	177,683	115,054	57,271	117,473	118,918
<b>October 2022</b>											
High	\$61.930	\$15.080	\$18.240	\$17.790	\$18.700	\$18.770	\$17.650	\$18.400	\$18.620	\$18.400	\$18.270
Low	\$55.660	\$13.510	\$17.630	\$16.660	\$17.640	\$17.600	\$16.650	\$17.670	\$17.280	\$17.650	\$17.290
Volume	51,518,312	62,522	28,833	253,725	163,365	20,232	166,889	134,237	86,545	188,024	238,549
<b>November 2022</b>											
High	\$64.440	\$14.850	\$18.350	\$17.900	\$18.740	\$18.800	\$17.530	\$18.500	\$18.310	\$18.400	\$18.290
Low	\$61.150	\$14.090	\$17.940	\$16.830	\$17.820	\$17.850	\$16.750	\$17.940	\$17.620	\$17.960	\$17.900
Volume	56,725,792	221,786	27,785	203,533	247,902	193,005	134,456	162,243	120,483	150,260	260,554
<b>December 2022</b>											
High	\$64.390	\$15.490	\$18.440	\$17.680	\$18.590	\$18.800	\$17.490	\$18.740	\$18.800	\$18.650	\$18.550
Low	\$59.050	\$14.420	\$17.990	\$16.990	\$18.030	\$18.200	\$16.710	\$17.920	\$17.990	\$18.080	\$18.060
Volume	67,232,678	158,315	19,200	205,074	296,751	51,878	184,496	303,951	64,644	238,539	153,964

5 Our capital structure

	First preferred shares										
	Series AF (BCE.PR.F)	Series AG (BCE.PR.G)	Series AH (BCE.PR.H)	Series AI (BCE.PR.I)	Series AJ (BCE.PR.J)	Series AK (BCE.PR.K)	Series AL (BCE.PR.L)	Series AM (BCE.PR.M)	Series AN (BCE.PR.N)	Series AO <sup>(1)</sup> (BCE.PR.O)	Series AQ (BCE.PR.Q)
<b>January 2022</b>											
High	\$21.830	\$21.950	\$21.370	\$21.530	\$21.290	\$20.280	\$19.000	\$20.840	\$19.950	\$25.450	\$25.000
Low	\$20.930	\$20.500	\$20.180	\$20.400	\$20.410	\$19.350	\$18.250	\$19.700	\$19.110	\$25.010	\$24.150
Volume	72,228	127,432	49,662	718,359	82,240	594,395	58,675	136,430	39,201	52,553	167,746
<b>February 2022</b>											
High	\$21.500	\$20.980	\$21.000	\$20.740	\$21.000	\$19.610	\$19.000	\$20.200	\$19.440	\$25.940	\$24.900
Low	\$20.270	\$19.160	\$20.090	\$19.310	\$20.150	\$17.900	\$17.800	\$18.470	\$18.900	\$24.970	\$23.810
Volume	81,678	247,410	31,267	106,642	175,629	242,541	48,925	44,082	10,136	137,151	68,099
<b>March 2022</b>											
High	\$20.400	\$19.780	\$20.450	\$19.470	\$20.370	\$18.370	\$18.010	\$18.900	\$19.000	\$25.000	\$24.300
Low	\$19.250	\$18.350	\$18.950	\$18.320	\$19.020	\$16.860	\$17.010	\$17.470	\$17.550	\$24.970	\$22.700
Volume	125,174	63,190	24,529	95,891	301,657	322,078	54,913	103,709	13,959	260,652	282,009
<b>April 2022</b>											
High	\$20.210	\$19.180	\$20.150	\$19.110	\$20.080	\$17.700	\$17.900	\$18.190	\$18.750	N/A	\$24.160
Low	\$17.860	\$16.000	\$17.280	\$16.150	\$17.120	\$15.500	\$16.400	\$15.600	\$17.000	N/A	\$21.450
Volume	165,091	64,915	140,600	76,177	81,412	196,118	53,150	123,779	19,068	N/A	96,405
<b>May 2022</b>											
High	\$18.970	\$16.990	\$18.930	\$16.930	\$18.930	\$16.700	\$16.930	\$17.470	\$17.960	N/A	\$23.100
Low	\$17.410	\$15.960	\$18.040	\$15.870	\$18.040	\$15.310	\$16.000	\$15.590	\$17.000	N/A	\$21.160
Volume	111,044	118,966	62,195	73,366	22,054	177,758	4,600	86,194	8,076	N/A	136,314
<b>June 2022</b>											
High	\$19.350	\$17.710	\$19.580	\$17.510	\$19.550	\$17.470	\$17.500	\$18.210	\$18.500	N/A	\$24.000
Low	\$17.260	\$15.560	\$18.500	\$15.750	\$18.520	\$14.810	\$16.000	\$15.210	\$16.600	N/A	\$21.640
Volume	85,739	125,889	23,243	121,820	59,746	215,120	7,346	93,738	12,918	N/A	167,738
<b>July 2022</b>											
High	\$17.700	\$16.140	\$18.750	\$15.960	\$18.900	\$15.230	\$16.650	\$15.670	\$17.300	N/A	\$22.070
Low	\$16.100	\$15.110	\$17.420	\$15.010	\$17.390	\$14.270	\$15.900	\$14.550	\$16.560	N/A	\$20.020
Volume	73,637	107,416	105,959	142,748	55,680	248,762	15,100	77,414	7,459	N/A	159,680
<b>August 2022</b>											
High	\$17.560	\$16.650	\$19.000	\$16.920	\$19.000	\$16.100	\$17.650	\$16.530	\$18.670	N/A	\$21.990
Low	\$16.500	\$15.620	\$17.550	\$15.560	\$17.660	\$14.890	\$16.280	\$15.250	\$16.750	N/A	\$20.300
Volume	141,017	155,347	73,212	44,171	44,446	414,566	3,800	158,271	25,823	N/A	71,946
<b>September 2022</b>											
High	\$17.050	\$16.620	\$19.120	\$17.180	\$19.020	\$15.670	\$17.750	\$16.050	\$18.350	N/A	\$21.750
Low	\$15.540	\$14.580	\$17.450	\$14.610	\$17.650	\$13.810	\$16.040	\$14.310	\$16.540	N/A	\$19.600
Volume	107,452	91,408	78,195	66,202	26,622	309,931	7,514	44,070	50,998	N/A	155,553
<b>October 2022</b>											
High	\$15.890	\$15.300	\$18.310	\$15.140	\$18.310	\$14.270	\$17.090	\$14.970	\$17.390	N/A	\$20.870
Low	\$14.970	\$14.080	\$17.640	\$14.150	\$17.550	\$13.390	\$15.850	\$13.760	\$16.440	N/A	\$19.150
Volume	161,244	65,761	30,374	53,602	258,145	618,792	19,900	519,033	16,810	N/A	58,072
<b>November 2022</b>											
High	\$15.990	\$15.120	\$18.300	\$15.110	\$18.240	\$14.690	\$16.610	\$15.000	\$17.730	N/A	\$20.140
Low	\$15.200	\$14.330	\$17.720	\$14.320	\$17.810	\$13.770	\$16.360	\$14.120	\$17.020	N/A	\$19.350
Volume	91,104	206,195	76,115	727,669	140,659	543,171	6,700	143,951	18,500	N/A	139,598
<b>December 2022</b>											
High	\$16.750	\$15.750	\$18.530	\$15.740	\$18.550	\$14.700	\$16.640	\$14.880	\$17.600	N/A	\$19.900
Low	\$15.700	\$14.900	\$17.970	\$14.750	\$18.000	\$13.760	\$15.610	\$14.110	\$16.610	N/A	\$18.920
Volume	156,267	71,671	147,217	48,089	220,388	431,058	46,750	202,007	12,400	N/A	177,572

(1) On March 31, 2022, BCE redeemed all of its outstanding Cumulative Redeemable First Preferred Shares, Series AO.

## 6 Dividends and dividend payout policy

This section contains forward-looking statements, including relating to BCE's dividend growth objective, 2023 annualized common share dividend and dividend payout ratio level, anticipated capital expenditures and network deployment plans. Refer to section 1, *Caution regarding forward-looking statements* in this Annual Information Form.

The BCE Board reviews from time to time the adequacy of BCE's common share dividend payout policy. BCE's common share dividend payout policy is currently set to a target dividend payout ratio <sup>(1)</sup> of 65% to 75% of free cash flow <sup>(1)</sup>. Our objective is to seek to achieve dividend growth while maintaining our dividend payout ratio within the target range and balancing our strategic business priorities, including continuing to invest in strategic wireline and wireless network infrastructure and maintaining investment-grade credit ratings. As at December 31, 2022, our dividend payout ratio was 108%, compared to 105% at December 31, 2021, which is higher than our policy range due to a planned acceleration in capital expenditures. Although capital expenditures are expected to decrease in 2023, they will remain elevated compared to pre-2020 annual levels as we continue to make

generational investments in our networks to support the buildout of our fibre, 5G and 5G+ network infrastructure. As a result, BCE's dividend payout ratio is expected to remain above our target policy range in 2023. For additional information, refer to section 1.4, *Capital markets strategy* of the BCE 2022 MD&A, on pages 19 to 21 of the BCE 2022 Annual Financial Report.

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 and, consequently, there can be no guarantee that BCE's dividend payout policy will be maintained, 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 outlined in section 1, *Caution regarding forward-looking statements* of this Annual Information Form.

The table below describes the increases in BCE's annualized common share dividend starting with the quarterly dividend payable on April 15, 2020.

Date of announcement	Amount of increase	Effective date
February 6, 2020	5.0% (from \$3.17 per share to \$3.33 per share)	Quarterly dividend payable on April 15, 2020
February 4, 2021	5.1% (from \$3.33 per share to \$3.50 per share)	Quarterly dividend payable on April 15, 2021
February 3, 2022	5.1% (from \$3.50 per share to \$3.68 per share)	Quarterly dividend payable on April 15, 2022
February 2, 2023	5.2% (from \$3.68 per share to \$3.87 per share)	Quarterly dividend payable on April 17, 2023

Dividends on BCE's first preferred shares are, if declared, payable quarterly, except for dividends on Series S, Series Y, Series AB, Series AD, Series AE, Series AH and Series AJ first preferred shares, which, if declared, are payable monthly.

The table below shows the amount of cash dividends declared per BCE common share and per Series R, Series S, Series T, Series Y, Series Z, Series AA, Series AB, Series AC, Series AD, Series AE, Series AF, Series AG, Series AH, Series AI, Series AJ, Series AK, Series AL, Series AM, Series AN, Series AO and Series AQ first preferred share for 2022, 2021 and 2020.

	2022	2021	2020
Common shares	\$3.68	\$3.50	\$3.33
First preferred shares			
Series R	\$0.75450	\$0.75450	\$0.96300
Series S	\$1.11611	\$0.67884	\$0.66019
Series T	\$1.24750	\$0.87794	\$0.75475
Series Y	\$1.11611	\$0.58530	\$0.66019
Series Z	\$1.06613	\$0.97600	\$0.97600
Series AA	\$1.06876	\$0.90252	\$0.90252
Series AB	\$1.11611	\$0.61248	\$0.66019
Series AC	\$1.09500	\$1.09500	\$1.09500
Series AD	\$1.11611	\$0.61248	\$0.66019
Series AE	\$1.11611	\$0.61248	\$0.66019
Series AF	\$0.96625	\$0.96625	\$0.96625
Series AG	\$0.84250	\$0.80688	\$0.70000
Series AH	\$1.11611	\$0.61248	\$0.66019
Series AI	\$0.84750	\$0.76751	\$0.68750
Series AJ	\$1.11611	\$0.61248	\$0.66019
Series AK	\$0.82650	\$0.73850	\$0.73850
Series AL	\$0.81844	\$0.49935	\$0.70180
Series AM	\$0.73475	\$0.72382	\$0.69100
Series AN	\$0.87094	\$0.55186	\$0.75445
Series AO <sup>(2)</sup>	\$0.26625	\$1.06500	\$1.06500
Series AQ	\$1.20300	\$1.20300	\$1.20300

(1) Free cash flow is a non-GAAP financial measure and dividend payout ratio is a non-GAAP ratio. 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. Dividend payout ratio is calculated by dividing dividends paid on common shares by free cash flow. Refer to section 11, Non-GAAP financial measures, other financial measures and key performance indicators (KPIs) of the BCE 2022 MD&A, on pages 105 to 110 of the BCE 2022 Annual Financial Report for more information on these measures including, in the case of free cash flow, a reconciliation to cash flows from operating activities, being the most directly comparable IFRS financial measure.

(2) On March 31, 2022, BCE redeemed all of its outstanding Cumulative Redeemable First Preferred Shares, Series AO.



## 7 Our directors and executive officers

### 7.1 Directors

The table below lists BCE's directors, where they lived, the date they were elected or appointed and their principal occupation on March 2, 2023.

Under BCE's by-laws, each director holds office until the earlier of the next annual shareholder meeting or his or her resignation.

Name, province/state and country of residence	Date elected or appointed to the BCE board	Principal occupation on March 2, 2023
Mirko Bibic, Ontario, Canada	January 2020	President and Chief Executive Officer, BCE and Bell Canada, since January 2020
David F. Denison, FCPA, FCA, Ontario, Canada	October 2012	Corporate director, since June 2012, and Chartered Professional Accountant
Robert P. Dexter, Nova Scotia, Canada	November 2014	Chair and Chief Executive Officer of Maritime Travel Inc. (an integrated travel company), since July 1979
Katherine Lee, Ontario, Canada	August 2015	Corporate director, since March 2018, and Chartered Professional Accountant
Monique F. Leroux, C.M., O.Q., FCPA, FCA, Québec, Canada	April 2016	Corporate director, since April 2016, and Chartered Professional Accountant
Sheila A. Murray, Ontario, Canada	May 2020	Corporate director, since April 2019
Gordon M. Nixon, Ontario, Canada	November 2014	Chair of the board of directors, BCE and Bell Canada, since April 2016, and corporate director, since September 2014
Louis P. Pagnutti, FCPA, FCA, Ontario, Canada	November 2020	Corporate director, since September 2020, and Chartered Professional Accountant
Calin Rovinescu, C.M., Ontario, Canada	April 2016	Corporate director, since February 2021
Karen Sheriff, Ontario, Canada	April 2017	Corporate director, since October 2016
Robert C. Simmonds, Ontario, Canada	May 2011	Chair, Lenbrook Corporation (a national distributor of electronics components and radio products), since April 2002
Jennifer Tory, C.M., Ontario, Canada	April 2021	Corporate director, since December 2019
Louis Vachon, C.M., O.Q., Québec, Canada	October 2022	Operating Partner, J.C. Flowers & Co. (a private investment firm), since January 2022
Cornell Wright, Ontario, Canada	April 2021	President, Wittington Investments, Limited (the principal holding company of the George Weston, Loblaw and Choice Properties group), since May 2021

#### Past occupation

All of BCE's directors have held the positions listed above or other senior management positions with the same or associated firms or organizations during the past five years or longer, except for the directors listed below.

Name	Past occupation
Katherine Lee	Chief Executive Officer of 3 Angels Holdings Limited (a real estate holding company), from 2016 to March 2018
Sheila A. Murray	President of CI Financial Corp. (an investment fund company), from 2016 to March 2019
Louis P. Pagnutti, FCPA, FCA	Global Managing Partner of Ernst & Young (EY) (a professional services firm), from 2013 to September 2020
Calin Rovinescu, C.M.	President and Chief Executive Officer of Air Canada (an airline company), from April 2009 to February 2021
Jennifer Tory, C.M.	Chief Administrative Officer of Royal Bank of Canada (a chartered bank), from 2017 to December 2019
Louis Vachon, C.M., O.Q.	Chief Executive Officer of the National Bank of Canada (a chartered bank), from June 2007 to November 2021
Cornell Wright	Partner of Torys LLP (a law firm), from 2009 to April 2021

## Committees of the BCE board

The table below lists the committees of the BCE Board and their members on March 2, 2023.

Committee	Members
Audit	Louis P. Pagnutti (Chair) Katherine Lee, Monique F. Leroux, Jennifer Tory, Cornell Wright
Corporate Governance	Monique F. Leroux (Chair) David F. Denison, Katherine Lee, Karen Sheriff, Robert C. Simmonds, Cornell Wright
Management Resources and Compensation	David F. Denison (Chair) Robert P. Dexter, Sheila A. Murray, Calin Rovinescu, Jennifer Tory, Louis Vachon
Risk and Pension Fund	Calin Rovinescu (Chair) Robert P. Dexter, Sheila A. Murray, Louis P. Pagnutti, Karen Sheriff, Robert C. Simmonds, Louis Vachon

## 7.2 Executive officers

On January 31, 2023, John Watson, Group President, Customer Experience and AI, took on an expanded role as Group President, Business Markets, Customer Experience and AI, following the retirement of Bell Business Markets President Tom Little.

The table below lists BCE's and Bell Canada's executive officers, where they lived and the office they held at BCE and/or Bell Canada on March 2, 2023.

Name	Province and country of residence	Office held at BCE/Bell Canada
Mirko Bibic	Ontario, Canada	President and Chief Executive Officer (BCE and Bell Canada)
Claire Gillies	Ontario, Canada	Executive Vice President Marketing and President, Consumer (Bell Canada)
Stephen Howe	Ontario, Canada	Chief Technology and Information Officer (Bell Canada)
Blaik Kirby	Ontario, Canada	Group President, Consumer and Small & Medium Business (SMB) (Bell Canada)
Glen LeBlanc	Nova Scotia, Canada	Executive Vice President and Chief Financial Officer (BCE and Bell Canada)
Devorah Lithwick	Ontario, Canada	Senior Vice President and Chief Brand Officer (Bell Canada)
Robert Malcolmson	Ontario, Canada	Executive Vice President and Chief Legal & Regulatory Officer (BCE and Bell Canada)
Nikki Moffat	Ontario, Canada	Executive Vice President, Corporate Services and Chief Human Resources Officer (BCE and Bell Canada)
Karine Moses	Québec, Canada	Senior Vice President, Content Development & News and Vice Chair, Québec (Bell Canada)
Wade Oosterman	Ontario, Canada	President, Bell Media and Vice Chair (BCE and Bell Canada)
John Watson	Ontario, Canada	Group President, Business Markets, Customer Experience & AI (Bell Canada)

All of our executive officers have held their present positions or other senior management positions with BCE or Bell Canada during the past five years or longer.

## 7.3 Directors' and executive officers' share ownership

As at December 31, 2022, BCE's directors and executive officers elected or appointed at such date as a group beneficially owned, or exercised control or direction over, directly or indirectly, 539,646 common shares (or less than 0.1%) of BCE.

## 8 Legal proceedings

In the ordinary course of our 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. This section describes important legal proceedings in which we were involved as at March 2, 2023 or which were concluded in 2022. This list is not comprehensive and we are involved in a number of other legal proceedings. 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 2, 2023, 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.

### Purported class action and lawsuits concerning neighbourhood marketing practices

On November 24, 2021, an application for authorization to institute a class action was filed in the Québec Superior Court against Bell Canada on behalf of all consumers in Québec who subscribed to or renewed a services contract with Bell Canada at their homes through a neighbourhood marketing agent or outside a permanent Bell Canada retail location from June 23, 2018 to the date of final judgment. The plaintiff alleges that Bell Canada's neighbourhood marketing process violates the *Québec Consumer Protection Act* (QCPA) and the *Civil Code of Québec*. The plaintiff further alleges that Bell Canada conducts these practices in bad faith. The action seeks punitive damages of \$1,000 per class member. The action has not yet been authorized as a class action.

On September 21, 2018, a claim was filed in the Québec Superior Court against Bell Canada for damages and for injunctive relief by Vidéotron Ltée (Vidéotron). The claim alleges that Bell Canada pursues itinerant merchant activities in Québec without complying with the requirements of the QCPA. The claim estimates damages at \$78.5 million. Vidéotron is also seeking an injunction ordering Bell Canada to obtain a permit and comply with the provisions of the QCPA governing itinerant merchants. On January 8, 2019, Cogeco Connexion Inc. (Cogeco) filed a claim in damages and for injunctive relief against Bell Canada in the Québec Superior Court, which is similar to the Vidéotron claim referred to above. The claim estimates damages at \$9.2 million.

### Claim under the Copyright Act

On July 5, 2021, a statement of claim was filed in the Federal Court against Bell Canada (and the former Bell Aliant) by certain copyright owners including Millennium Funding Inc. The claim alleges breach of the *Copyright Act* for failing to forward certain copyright infringement notices to Bell customers. The claim seeks \$10,000 for each alleged failure, for a total of \$397,910,000.

### Intellectual property infringement lawsuits concerning IPTV, satellite TV and/or Crave systems

On January 19, 2018, a patent infringement claim was filed in the Federal Court against BCE Inc., Bell Canada, Bell Aliant Regional Communications Inc., Bell MTS Inc. and NorthernTel, Limited Partnership by Rovi Guides, Inc. and Tivo Solutions Inc. (Tivo). The claim alleges that the defendants, through their manufacture, distribution, sale and use of certain features of their IPTV systems, have infringed, and induced users to infringe, on six patents variously owned by the plaintiffs (the two Tivo patents were subsequently withdrawn). In addition to declaratory and injunctive relief, the plaintiffs seek damages in the form of unpaid royalties in relation to the defendants' revenues from their IPTV services or an accounting of the defendants' profits. Following a trial on the merits of the liability phase, on October 7, 2022, the trial judge delivered a judgment completely in the defendants' favour, dismissing all of the plaintiffs' claims and invalidating all four of the remaining patents. On November 7, 2022, the plaintiffs filed an appeal from the trial decision with the Federal Court of Appeal.

On July 27, 2021, a further claim was filed in the Federal Court by Rovi Guides, Inc. (TiVo LLC was later added as a plaintiff) against BCE Inc., Bell Canada, Bell Media Inc., Bell ExpressVu Limited Partnership, NorthernTel, Limited Partnership and certain third-party suppliers alleging infringement of a different set of four patents from the action noted above. The claim alleges that the defendants, through their manufacture, distribution, sale and use of certain features of their IPTV, satellite TV and OTT Crave systems, have infringed, and induced users to infringe, on four patents owned by the plaintiffs. The plaintiffs seek similar damages as in the 2018 action.

### Class actions concerning service fee modifications

On November 27, 2015, an application for authorization to institute a class action was filed in the Québec Superior Court against Bell Canada, Bell ExpressVu and Bell Mobility on behalf of all consumers whose monthly fees for wireline telephone services, Internet services, Fibe TV services, satellite TV services or wireless postpaid services were unilaterally modified at any time since November 2012. The plaintiff alleges that the notices provided by the defendants of the price increases were not compliant with the QCPA. The action seeks the reimbursement, since November 2012, of the monthly price increases, and payment of punitive damages in the amount of \$100 per class member. On July 10, 2017, the court authorized the action to proceed as a class action.

On December 12, 2018, another application for authorization to institute a class action was filed in the Québec Superior Court against regional subsidiaries Télébec, Limited Partnership and Cablevision du Nord de Québec Inc. on behalf of all consumers and business entities whose monthly fees for wireline telephone services, Internet services, TV services or wireless postpaid services were unilaterally modified at any time since December 2015. The plaintiff alleges that the notices provided by the defendants of the price increases were not compliant under the QCPA and the *Civil Code of Québec*. The action seeks the reimbursement, since December 2015, of the monthly price increases, and payment of punitive damages in the amount of \$100 per class member. In a decision dated February 3, 2022, the court authorized the action to proceed as a class action for the price increases that occurred between December 12, 2015 and November 2022.

### **Class action and purported class action concerning relevant advertisements initiative**

On April 14 and 16, 2015, respectively, an application for authorization to institute a class action was filed against Bell Canada and Bell Mobility in the Québec Superior Court and a statement of claim was filed against Bell Canada and Bell Mobility pursuant to the *Class Proceedings Act* (Ontario) in the Ontario Superior Court (collectively, the Actions). The plaintiffs seek damages for breach of contract, breach of applicable consumer protection legislation, breach of the *Civil Code of Québec*, intrusion upon seclusion, negligence, breach of confidence, unjust enrichment and waiver of tort resulting from Bell Canada's and Bell Mobility's alleged unauthorized use and disclosure of personal information pursuant to the Relevant Advertisements Initiative. Unspecified punitive damages are also sought in both actions. On November 16, 2017, the court stayed the Québec action. On May 13, 2019, the Ontario Superior Court certified the Ontario action as a national class action against Bell Mobility for the period between November 16, 2013 and April 14, 2015.

### **Class actions concerning increase to late payment charges**

On October 28, 2010, an application for authorization to institute a class action was filed in the Québec Superior Court against Bell Canada and Bell Mobility on behalf of all physical persons and companies of 50 employees or less in Canada who were billed late payment charges since June 2010. The plaintiffs allege that the increase by Bell Canada and Bell Mobility of the late payment charge imposed on customers who fail to pay their invoices by the due date from 2% to 3% per month is invalid. The action seeks an order requiring Bell Canada and Bell Mobility to repay all late payment charges in excess of 2% per month to the members of the class, in addition to general and punitive damages. On December 16, 2011, the court authorized the action but limited the class members to residents of the province of Québec with respect to home phone, wireless and Internet services.

On January 10, 2012, another application for the authorization to institute an identical class action was filed in the Québec Superior Court against Bell ExpressVu with respect to TV services, later amended to add Bell Canada as defendant. On December 19, 2014, the court authorized this action to proceed as a class action.

### **Class action and purported class action concerning rounding-up of minutes**

On July 25, 2008, a statement of claim was filed pursuant to the *Class Proceedings Act* (Ontario) in the Ontario Superior Court against BCE Inc. on behalf of all its residential long distance customers in Canada who, since July 2002, have had their call times rounded up to the next full minute for billing purposes (the First Rounding-Up Action). The action alleged misrepresentation and sought reimbursement of all amounts received by BCE Inc. as a result of the rounded-up portion of per minute charges for residential long distance calls, namely general damages of \$20 million, costs of \$1 million for administration and \$5 million in punitive damages. On May 3, 2022, the Ontario Superior Court dismissed the First Rounding-Up Action and therefore it is now concluded.

On August 18, 2008, a similar statement of claim (the Second Rounding-Up Action) was filed against Bell Mobility in the same court on behalf of all Canadian Bell Mobility customers who, since July 2002, have had their wireless airtime rounded up to the next full minute. The action alleges misrepresentation and breach of contract and seeks reimbursement of all amounts received by Bell Mobility as a result of the rounded-up portion of per minute charges for wireless airtime, alleged to be general damages of \$500 million and punitive damages of \$20 million. The Second Rounding-Up Action was certified as a class action on November 25, 2014, for the period between August 18, 2006 and October 1, 2009.

### **Purported class action concerning "911 fees"**

On June 26, 2008, a statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against a number of communications service providers, including Bell Mobility and its predecessors Bell MTS Inc. and Bell Aliant LP, on behalf of certain alleged customers (the action also named BCE Inc. and Bell Canada as defendants but they were removed). The statement of claim alleges, among other things, breach of contract and duty to inform, deceit, misrepresentation, unjust enrichment, breaches of provincial consumer protection legislation and the *Competition Act*, and collusion in connection with certain "911 fees" invoiced by communications service providers to their customers. The plaintiffs seek unspecified damages, punitive damages and an accounting and constructive trust of the "911 fees" collected. The action seeks certification of a national class encompassing all customers of communications service providers, wherever resident in Canada. The action has not yet been certified as a class action.

### **Class action concerning wireless system access fees**

On August 9, 2004, a statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against a number of wireless communications service providers, including Bell Mobility and its predecessors Bell MTS Inc. and Bell Aliant LP, on behalf of certain alleged customers. This statement of claim alleges, among other things, breach of contract and duty to inform, deceit, misrepresentation, unjust enrichment and collusion in connection with certain system access fees and system licensing charges invoiced by wireless communications service providers to their customers. The plaintiffs are seeking unspecified general and punitive damages. On September 17, 2007, the court granted certification, on the grounds of unjust enrichment only, of a national class encompassing all customers of the defendant wireless communications service providers, wherever resident in Canada, on the basis of an opt-out class in Saskatchewan and an opt-in class elsewhere in Canada.

### **Other**

We are subject to other claims and legal proceedings in the ordinary course of our current and past operations, including class actions, employment-related disputes, contract disputes, competitor disputes and customer disputes. In some claims and legal proceedings, the claimant seeks damages as well as other relief which, if granted, could require substantial expenditures on our part or could result in changes to our business practices.

## 9 Interest of management and others in material transactions

## 10 Interest of experts

## 11 Transfer agent and registrar

## 12 For more information

# 9 Interest of management and others in material transactions

To the best of our knowledge, there have been no current or nominated directors or executive officers or any associate or affiliate of a current or nominated director or executive officer with a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected us or is reasonably expected to materially affect us.

# 10 Interest of experts

Deloitte LLP prepared the Report of independent registered public accounting firm in respect of our audited consolidated financial statements and the Report of independent registered public accounting firm in respect of our internal control over financial reporting. Deloitte LLP is independent of BCE within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec* and within the meaning of the U.S. Securities Act of 1933, as amended, and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States).

# 11 Transfer agent and registrar

The transfer agent and registrar for the common shares and preferred shares of BCE in Canada is TSX Trust Company at its principal offices in Montréal, Québec; Toronto, Ontario; Calgary, Alberta; and Vancouver, British Columbia; and in the U.S. is American Stock Transfer & Trust Company, LLC at its principal office in Brooklyn, New York.

The register for Bell Canada's Canadian unsubordinated debentures is kept at the principal office of BNY Trust Company of Canada (BNY) in Montréal, and facilities for registration, exchange and transfer of the Canadian unsubordinated debentures are maintained at the principal offices of BNY in Montréal and Toronto.

The register for Bell Canada's Canadian subordinated debentures is kept at the principal office of BNY in Montréal, and facilities for registration, exchange and transfer of the Canadian subordinated debentures are maintained at the principal offices of BNY in Montréal and Toronto.

The register for Bell MTS Inc.'s notes assumed by Bell Canada is kept at the principal office of Computershare Trust Company of Canada (Computershare) in Montréal, and facilities for registration, exchange and transfer of the notes are maintained at Computershare's offices in Montréal, Toronto and Calgary.

The register for Bell Canada's U.S. notes, issued pursuant to its 2016 U.S. trust indenture, is kept at the principal office of The Bank of New York Mellon in New York, and facilities for registration, exchange and transfer of such U.S. notes are also maintained at the principal office of The Bank of New York Mellon in New York.

# 12 For more information

This Annual Information Form as well as BCE's annual and quarterly shareholder reports and news releases are available on BCE's website at **BCE.ca**.

Additional information, including information about directors' and officers' remuneration and securities authorized for issuance under equity compensation plans, is contained in BCE's management proxy circular for its most recent annual meeting of security holders that involved the election of directors.

Additional information relating to BCE is available on SEDAR at **sedar.com** and on EDGAR at **sec.gov**. Additional financial information is provided in BCE's audited consolidated financial statements and the related management's discussion and analysis for BCE's most recently completed financial year, contained in the BCE 2022 Annual Financial Report. You may ask for a copy of the annual and quarterly management's discussion and analysis of BCE by contacting the Investor Relations group of BCE at Building A, 8th Floor, 1, Carrefour Alexander-Graham-Bell, Verdun, Québec H3E 3B3 or by sending an e-mail to **investor.relations@bce.ca**.

Shareholder inquiries 1-800-561-0934

Investor relations 1-800-339-6353

## 13 Schedule 1 – Audit Committee information

The purpose of BCE's Audit Committee (Audit Committee) is to assist the BCE Board in its 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 risk processes as they relate to financial reporting

### Members' financial literacy, expertise and simultaneous service

Under the *Sarbanes-Oxley Act of 2002* and related SEC rules, BCE is required to disclose whether its Audit Committee members include at least one "audit committee financial expert" as defined by these rules. In addition, National Instrument 52-110 – *Audit Committees* and the NYSE governance rules followed by BCE require that all audit committee members be "financially literate" and "independent".

The BCE Board has determined that all the members of the Audit Committee during 2022 were, and all current members of the Audit Committee are, financially literate and independent, and that the current Chair of the Audit Committee, Mr. L.P. Pagnutti, as well as Ms. K. Lee and Ms. M.F. Leroux are qualified as "audit committee financial experts". The table below outlines the relevant education and experience of all members of the Audit Committee, whether during 2022 or currently<sup>(1)</sup>.

### Relevant education and experience

L.P. Pagnutti, FCPA, FCA (Chair)	Mr. Pagnutti has been a director of BCE since November 2020 and is Chair of the Audit Committee since January 2021. Mr. Pagnutti is a corporate director and was Global Managing Partner Business Enablement of EY (a professional services firm) and a member of EY's Global Executive Board until his retirement in September 2020. As Global Managing Partner, he was responsible for EY's business functions across the globe. He oversaw EY's strategy and its execution for all functions, including technology, finance, risk management, legal, shared services, and procurement. Mr. Pagnutti joined EY Assurance in 1981, before moving to EY Tax in 1986. From 2004 until 2010, he was Chairman and Chief Executive Officer of EY Canada and a member of the EY Americas Executive Board. He was EY Asia-Pacific Area Managing Partner from 2010 to 2013. Mr. Pagnutti holds an Honours Bachelor of Commerce degree from Laurentian University. He earned his Chartered Accountant designation in 1983 and was honoured with a Fellow Chartered Accountant designation in 2006. He has served on the Sunnybrook Hospital Foundation and Pathways to Education boards. Mr. Pagnutti initiated EY Canada's role as National Volunteer Partner of Pathways to Education, a program dedicated to helping high school students from low-income and under-represented groups complete high school and pursue post-secondary education.
K. Lee	Ms. Lee has been a director of BCE since August 2015. She is a corporate director and, from 2010 to February 2015, served as President and Chief Executive Officer of GE Capital Canada (a leading global provider of financial and fleet management solutions to mid-market companies operating in a broad range of economic sectors). Prior to this role, Ms. Lee served as Chief Executive Officer of GE Capital Real Estate in Canada from 2002 to 2010, building it to a full debt and equity operating company. Ms. Lee joined GE in 1994, where she held a number of positions, including Director, Mergers & Acquisitions, for GE Capital's Pension Fund Advisory Services based in San Francisco, and Managing Director of GE Capital Real Estate Korea based in Seoul and Tokyo. Ms. Lee earned a Bachelor of Commerce degree from the University of Toronto. She is a Chartered Professional Accountant and Chartered Accountant. She is active in the community, championing women's networks and Asia-Pacific forums. Ms. Lee is a director of Colliers International Group and Public Sector Pension Investments.
M.F. Leroux, C.M., O.Q., FCPA, FCA	Ms. Leroux has been a director of BCE since April 2016. Companion of the Canadian Business Hall of Fame and the Investment Industry Hall of Fame, Ms. Leroux is a corporate director. She serves as an independent board member of global companies such as Michelin and Alimentation Couche-Tard Inc., and Lallemand Inc. (a privately-owned company). She is also senior advisor (non executive) of Fiera Capital. As such, she brings to these boards her diverse experience, among others as Partner at EY and Chair of the Board and Chief Executive Officer of Desjardins Group from 2008 to 2016. In May 2020, she was appointed Chair of the Industry Strategy Council by the Minister of Innovation, Science and Industry Canada. From 2016 to 2020, she was Chair of the Board of Investissement Québec and she has served as an independent board member of S&P Global from 2016 to 2022. She is also vice-chair of the Orchestre symphonique de Montréal and Chair of the Conservatoire de musique et d'Art dramatique du Québec. Ms. Leroux is a Member of the Order of Canada, an Officer of the Ordre national du Québec, a Chevalier de la Légion d'honneur (France) and a recipient of the Woodrow Wilson Award (United States). She has been awarded Fellowship by the Ordre des comptables professionnels agréés du Québec and the Institute of Corporate Directors and holds honorary doctorates from ten Canadian universities in recognition of her contribution to the business sector and to the community.

(1) Though not listed in this table, director Ian Greenberg was a member of the Audit Committee until he passed away on January 10, 2022. No BCE Board or committee meetings were held in 2022 before this date.

13 Schedule 1 – Audit Committee information

J. Tory, C.M.	Ms. Tory has been a director of BCE since April 2021. She is a corporate director who was, until her retirement in December 2019, the Chief Administrative Officer of RBC (a chartered bank), where she held responsibility for Brand, Marketing, Citizenship & Communications, Procurement and Real Estate functions globally. Prior to this role, she was Group Head, Personal & Commercial Banking, leading RBC's retail and commercial customer businesses and operations in Canada and the Caribbean from 2014-2017. Throughout her 42-year career, Ms. Tory held a number of key senior operating positions across retail distribution and operations, including overseeing digital and cost transformation of the business. An acknowledged community leader and fundraiser, she currently sits on the Sunnybrook Hospital Foundation Board and recently completed her term on the board of the Toronto International Film Festival, the past five years as Chair. A champion of diversity, Ms. Tory is the recipient of numerous awards recognizing her work related to the advancement of women and advocacy for BIPOC and LGBTQ+ communities.
C. Wright	Mr. Wright has been a director of BCE since April 2021. Mr. Wright is President of Wittington Investments, Limited (the principal holding company of the Weston group of companies, which includes George Weston, Loblaw and Choice Properties). Mr. Wright joined Wittington in 2021 following a 20-year career at Torys LLP (a law firm), where he was a leading corporate lawyer. He served as Chair of the firm's Corporate Department and was co-head of the firm's M&A Practice. As a lawyer, his practice has focused on M&A transactions, both public and private, and other critical situations. He played a lead role acting for some of Canada's largest public and private companies in their most significant strategic matters. Mr. Wright has a broad range of experience in complex transactional, securities, family-controlled business, private equity, regulatory, governance, activism and compliance matters. He counselled boards of directors and board committees on corporate governance matters, crisis management and shareholder engagement issues. He is a Fellow of The American College of Governance Counsel. Mr. Wright is Chair of the Board of Directors of the National Ballet of Canada, a Trustee of University Health Network and Executive-in-Residence at the Rotman School of Management. He holds a Bachelor of Arts degree from McGill University and JD and MBA degrees from the University of Toronto.

The NYSE rules followed by BCE require that if an audit committee member serves simultaneously on the audit committee of more than three public companies, the board of directors must determine and disclose that this simultaneous service does not impair the ability of the member to effectively serve on the Audit Committee. No Audit Committee member currently serves simultaneously on the audit committee of more than three public companies.

**Pre-approval policies and procedures**

BCE's Auditor Independence Policy is a comprehensive policy governing all aspects of our relationship with the external auditors, including:

- establishing a process for determining whether various audit and other services provided by the external auditors affect their independence
- identifying the services that the external auditors may and may not provide to BCE and its subsidiaries
- pre-approving all services to be provided by the external auditors of BCE and its subsidiaries
- establishing a process outlining procedures when hiring current or former personnel of the external auditors in a financial oversight role to ensure auditor independence is maintained.

In particular, the policy specifies that:

- the external auditors cannot be hired to provide any services falling within the prohibited services category, such as bookkeeping, financial information system design and implementation, or legal services
- for all audit and non-audit services falling within the permitted services category (such as prospectus, due diligence and non-statutory audits), a request for approval must be submitted to the Audit Committee prior to engaging the external auditors
- specific permitted services, however, are pre-approved annually and quarterly by the Audit Committee and consequently only require approval by the Executive Vice-President and Chief Financial Officer prior to engaging the external auditors
- at each regularly scheduled Audit Committee meeting, a summary of all fees billed by the external auditors by type of service is presented. This summary includes the details of fees incurred within the pre-approval amounts.

The Auditor Independence Policy is available in the governance section of BCE's website at BCE.ca.

**External auditors' fees**

The table below shows the fees that BCE's external auditors, Deloitte LLP, billed to BCE and its subsidiaries for various services in each of the past two fiscal years.

	2022 (in \$ millions)	2021 (in \$ millions)
Audit fees <sup>(1)</sup>	9.8	8.6
Audit-related fees <sup>(2)</sup>	3.3	2.9
Tax fees <sup>(3)</sup>	0.3	0.4
All other fees <sup>(4)</sup>	0.1	0.1
<b>Total <sup>(5)</sup></b>	<b>13.5</b>	<b>12.0</b>

(1) These fees include professional services provided by the external auditors for statutory audits of the annual financial statements, the audit of the effectiveness of internal control over financial reporting, the review of interim financial reports, the review of financial accounting and reporting matters, the review of securities offering documents and translation services.

(2) These fees relate to non-statutory audits and due diligence procedures, and other regulatory audits and filings.

(3) These fees include professional services for tax compliance, tax advice and assistance with tax audits.

(4) These fees include any other fees for permitted services not included in any of the above-stated categories.

(5) The amounts of \$13.5 million for 2022 and \$12.0 million for 2021 reflect fees billed in those fiscal years without taking into account the year to which those services relate. Total fees for services provided for each fiscal year amounted to \$10.5 million in 2022 and \$9.6 million in 2021.

## 14 Schedule 2 – Audit Committee charter

### I. Purpose

The purpose of the Audit Committee is to assist the Board of Directors in its oversight of:

- A. the integrity of the Corporation's financial statements and related information;
- B. the Corporation's compliance with applicable legal and regulatory requirements;
- C. the independence, qualifications and appointment of the shareholders' auditor;
- D. the performance of the Corporation's shareholders' auditor and internal audit;
- E. management responsibility for assessing and reporting on the effectiveness of internal controls; and
- F. the Corporation's risks as it relates to financial reporting.

### II. Duties and responsibilities

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board of Directors. In particular, the Audit Committee shall have the following duties and responsibilities:

#### A. Financial reporting and control

1. On a quarterly and annual basis, review and discuss with management and the shareholders' auditor the following:
  - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles or material related party transactions, and issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
  - b. analyses prepared by management and/or the shareholders' auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including the impact of selecting one of several International Financial Reporting Standards (IFRS) and/or non IFRS measures on the financial statements when such a selection has been made in the current reporting period;
  - c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation; and
  - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-IFRS information).
2. Meet to review and discuss with management and the shareholders' auditor, report and, where appropriate, provide recommendations to the Board of Directors on the following prior to its public disclosure:
  - a. the Corporation's annual and interim consolidated financial statements and the related "Management's Discussion and Analysis", annual integrated report, Annual Information Forms, earnings press releases and earnings guidance provided to analysts and rating agencies and the integrity of the financial reporting of the Corporation;

- In addition to the role of the Audit Committee to make recommendations to the Board of Directors, where the members of the Audit Committee consider that it is appropriate and in the best interest of the Corporation, the Corporation's interim consolidated financial statements and the related "Management's Discussion and Analysis", the interim earnings press releases and the earnings guidance, may also be approved on behalf of the Board of Directors by the Audit Committee, provided that such approval is subsequently reported to the Board of Directors at its next meeting;

- b. any audit issues raised by the shareholders' auditor and management's response thereto, including any restrictions on the scope of the activities of the shareholders' auditor or access to requested information and any significant disagreements with management.

#### 3. Review and discuss reports from the shareholders' auditor on:

- a. all critical accounting policies and practices used by the Corporation;
- b. all material selections of accounting policies when there is a choice of policies available under IFRS that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the shareholders' auditor; and
- c. other material written communications between the shareholders' auditor and management, and discuss such communication with the shareholders' auditor.

#### B. Oversight of the shareholders' auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the shareholders' auditor, who shall report directly to the Audit Committee, and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, where appropriate, provide recommendations to the Board of Directors on the appointment, terms and review of engagement, removal, independence and proposed fees of the shareholders' auditor.
2. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.
3. Pre-approve all engagements for permitted audit and non-audit services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the shareholders' auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary.



#### 14 Schedule 2 – Audit Committee charter

4. Delegate, if deemed appropriate, authority to the Chief Financial Officer to grant pre-approvals of audit, review and permitted non-audit services, provided that any such approvals shall be presented to the Audit Committee at its next scheduled meeting.
5. Establish policies for the hiring of partners, employees and former partners and employees of the shareholders' auditor.
6. At least annually, consider, assess, and report to the Board of Directors on:
  - a. the independence, objectivity and professional skepticism of the shareholders' auditor, including that the shareholders' auditor's performance of permitted non-audit services does not impair the shareholders' auditor's independence;
  - b. obtaining from the shareholders' auditor a written statement (i) delineating all relationships between the shareholders' auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the shareholders' auditor;
  - c. the quality of the engagement team including the evaluation of the lead audit partner, taking into account the opinions of management and internal audit; and
  - d. the quality of the communications and interactions with the external auditor.
7. At least annually, obtain and review a report by the shareholders' auditor describing:
  - a. the shareholders' auditor's internal quality-control procedures;
  - b. any material issues raised by the most recent internal quality-control review, or peer review of the shareholders' auditor firm, or by any inquiry or investigation by governmental or professional authorities, issued in the reporting year, respecting one or more independent audits carried out by the shareholders' auditor firm in Canada and the United States, limited to the Public Company Accounting Oversight Board, and any steps taken to deal with any such issues.
8. At least every 5 years, unless the annual assessment indicates otherwise, conduct a comprehensive review of the shareholders' auditor focussing on the firm and report to the Board of Directors on:
  - a. the independence, objectivity and professional skepticism of the shareholders' auditor;
  - b. the quality of the engagement team; and
  - c. the quality of communications and interactions with the shareholders' auditor.
9. Resolve any disagreement between management and the shareholders' auditor regarding financial reporting.
10. Review the annual audit plan with the shareholders' auditor.
11. Meet periodically with the shareholders' auditor in the absence of management and internal audit.

#### C. Oversight of internal audit

1. Review and discuss with the head of internal audit, report and, where appropriate, provide recommendations to the Board of Directors on the following:
  - a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of internal audit;
  - b. discuss with the head of internal audit the scope and performance of internal audit, including a review of the annual internal audit plan, and whether there are any restrictions or limitations on internal audit; and
  - c. obtain periodic reports from the head of internal audit regarding internal audit findings, including those related to the Corporation's internal controls, and the Corporation's progress in remedying any audit findings.
2. Meet periodically with the head of internal audit in the absence of management and the shareholders' auditor.

#### D. Oversight of the corporation's internal control system

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the following:
  - a. the Corporation's systems of internal controls over financial reporting;
  - b. the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls over financial reporting;
  - c. compliance with the policies and practices of the Corporation relating to business ethics and code of conduct;
  - d. compliance by Directors, Officers and other management personnel with the Corporation's Disclosure Policy; and
  - e. the relationship of the Audit Committee with other committees of the Board of Directors, management and the Corporation's consolidated subsidiaries' audit committees.
2. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board of Directors on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.
5. Meet periodically with management in the absence of the shareholders' auditor and internal audit.

#### E. Oversight of the corporation's financial reporting risks

1. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the Corporation's processes for identifying, assessing, mitigating, remedying and, where required, reporting major risk exposures as it relates to financial reporting.

**F. Journalistic independence**

1. Consider and approve, on recommendation from the Chief Executive Officer, the appointment and termination of the Vice President responsible for CTV News and the Vice President responsible for Noovo News.
2. At least annually, obtain and review reports regarding compliance with the Corporation's Journalistic Independence Policy by each of the Vice President responsible for CTV News and the Vice President responsible for Noovo News.

**G. Compliance with legal requirements**

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, when appropriate, provide recommendation to the Board of Directors on the adequacy of the Corporation's process for complying with laws and regulations.
2. Receive, on a periodic basis, reports from the Corporation's Chief Legal Officer, with respect to the Corporation's pending or threatened material litigation.

**III. Evaluation of the Audit Committee and report to Board of Directors**

- A. The Audit Committee shall evaluate and review with the Corporate Governance Committee of the Board of Directors, on an annual basis, the performance of the Audit Committee.
- B. The Audit Committee shall review and discuss with the Corporate Governance Committee of the Board of Directors, on an annual basis, the adequacy of the Audit Committee charter.
- C. The Audit Committee shall report to the Board of Directors periodically on the Audit Committee's activities.

**IV. Outside advisors**

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate funding for such advisors as determined by the Audit Committee.

**V. Membership**

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board of Directors may from time to time by resolution determine. The members of the Audit Committee shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations as determined by the Board of Directors.

**VI. Audit Committee Chair**

The Chair of the Audit Committee shall be appointed by the Board of Directors. The Chair of the Audit Committee leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Chair of the Audit Committee shall:

- A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this charter and as otherwise may be appropriate;
- B. In consultation with the Board Chair and the Chief Executive Officer, ensure that there is an effective relationship between management and the members of the Audit Committee;
- C. Chair meetings of the Audit Committee;

- D. In consultation with the Chief Executive Officer, the Corporate Secretary's Office and the Board Chair, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair, that all items requiring the Audit Committee's approval are appropriately tabled;
- G. Ensure the proper flow of information to the Audit Committee and review, with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board of Directors on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board of Directors following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board of Directors.

**VII. Term**

The members of the Audit Committee shall be appointed or changed by resolution of the Board of Directors to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

**VIII. Procedures for meetings**

The Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee shall meet separately in executive session in the absence of management, internal audit and the shareholders' auditor, at each regularly scheduled meeting.

**IX. Quorum and voting**

Unless otherwise determined from time to time by resolution of the Board of Directors, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

**X. Secretary**

Unless otherwise determined by resolution of the Board of Directors, the Corporate Secretary of the Corporation or the Corporate Secretary's delegate shall be the Secretary of the Audit Committee.

**XI. Vacancies**

Vacancies at any time occurring shall be filled by resolution of the Board of Directors.

**XII. Records**

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board of Directors as appropriate.

BCE.CA

# Management's discussion and analysis

## Table of contents

<b>1 Overview</b>	12	<b>5 Business segment analysis</b>	53
1.1 Introduction	12	5.1 Bell Wireless	53
1.2 About BCE	14	5.2 Bell Wireline	57
1.3 Key corporate developments	18	5.3 Bell Media	62
1.4 Capital markets strategy	19	5.4 Segmented business outlook, assumptions and risks	65
1.5 Corporate governance and risk management	22		
1.6 Capitals and our corporate responsibility	25	<b>6 Financial and capital management</b>	70
<b>2 Strategic imperatives</b>	33	6.1 Net debt	70
2.1 Build the best networks	33	6.2 Outstanding share data	71
2.2 Drive growth with innovative services	33	6.3 Cash flows	71
2.3 Deliver the most compelling content	34	6.4 Post-employment benefit plans	73
2.4 Champion customer experience	35	6.5 Financial risk management	74
2.5 Operate with agility and cost efficiency	35	6.6 Credit ratings	77
2.6 Engage and invest in our people and create a sustainable future	36	6.7 Liquidity	77
		6.8 Litigation	79
<b>3 Performance targets, outlook, assumptions and risks</b>	37	<b>7 Selected annual and quarterly information</b>	80
3.1 BCE 2022 performance vs. guidance targets	37	7.1 Annual financial information	80
3.2 Business outlook and assumptions	38	7.2 Quarterly financial information	83
3.3 Principal business risks	39	<b>8 Regulatory environment</b>	86
<b>4 Consolidated financial analysis</b>	44	<b>9 Business risks</b>	91
4.1 Introduction	44	<b>10 Accounting policies</b>	101
4.2 Customer connections	45	<b>11 Non-GAAP financial measures, other financial measures and key performance indicators (KPIs)</b>	105
4.3 Operating revenues	46	11.1 Non-GAAP financial measures	105
4.4 Operating costs	47	11.2 Non-GAAP ratios	108
4.5 Net earnings	47	11.3 Total of segments measures	108
4.6 Adjusted EBITDA	48	11.4 Capital management measures	109
4.7 Severance, acquisition and other costs	48	11.5 Supplementary financial measures	110
4.8 Depreciation and amortization	49	11.6 KPIs	110
4.9 Finance costs	49	<b>12 Effectiveness of internal controls</b>	111
4.10 Impairment of assets	50		
4.11 Other (expense) income	50		
4.12 Income taxes	51		
4.13 Net earnings attributable to common shareholders and EPS	51		
4.14 Capital expenditures	52		
4.15 Cash flows	52		
<b>8 BCE INC. ANNUAL FINANCIAL REPORT 2022</b>			

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, 2022 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 2, 2023, 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, 2022, BCE's annual information form for the year ended December 31, 2022, dated March 2, 2023 (BCE 2022 AIF) and recent financial reports, on BCE's website at [BCE.ca](http://BCE.ca), on SEDAR at [sedar.com](http://sedar.com) and on EDGAR at [sec.gov](http://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, 2022 and 2021.

## 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 2023, BCE's dividend growth objective and 2023 annualized common share dividend and dividend payout ratio level, BCE's anticipated capital expenditures, network deployment plans and the benefits expected to result therefrom, BCE's financial policy targets, the sources of liquidity we expect to use to meet our anticipated 2023 cash requirements, our expected post-employment benefit plans funding including an anticipated reduction in contributions to our pension plans in 2023, Bell Ventures' planned investments in early-stage and growth companies that provide advanced technology solutions, 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 plans to be carbon neutral for our operational GHG emissions starting in 2025 and to achieve science-based targets (SBTs) by 2026 or 2030, as applicable, our objectives concerning reductions in waste to landfill, e-waste recovery, community investment, privacy and information security, corporate governance and ethical business conduct leadership, 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* 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 2, 2023 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 including, without limitation, the future impacts of general economic conditions, of the COVID-19 pandemic and of geopolitical events, which are difficult to predict, we believe that our assumptions were reasonable at March 2, 2023. 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, and related inflationary cost pressures, higher interest rates and financial and capital market volatility; the negative effect of adverse conditions associated with the COVID-19 pandemic and geopolitical events; a declining level of business and consumer spending, and the resulting negative impact on the demand for, and prices of, our products and services; regulatory initiatives, proceedings and decisions, government consultations and government positions that 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; higher Canadian smartphone penetration and reduced or slower immigration flow; 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 effective data governance; the failure to evolve and transform our networks, systems and operations using next-generation technologies while lowering our cost structure; the inability to drive a positive customer experience; the failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives; the failure to adequately manage health and safety concerns; labour disruptions and shortages; the failure to maintain operational networks; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the inability to maintain service consistency due to network failures or slowdowns, the failure of other infrastructure, or disruptions in the delivery of services; service interruptions or outages due to legacy infrastructure and the possibility of instability as we transition towards converged wireline and wireless networks and newer technologies; the failure by us, or by other telecommunications carriers on which we rely to provide services, to complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which could disrupt our operations including through network or other infrastructure failures; 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 complexity of our operations; 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; 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 strong corporate governance practices; various internal

and external factors that could challenge our ability to achieve our ESG targets including, without limitation, those related to GHG emissions reduction and diversity, equity, inclusion and belonging (DEIB); 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 by BCE's board of directors (Board) or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; the failure to reduce costs, as well as unexpected increases in costs; 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 our estimates from a number of factors; and pension obligation volatility and increased contributions to post-employment benefit plans.

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 2023 involve longer-term assumptions and estimates than forward-looking statements for 2023 and are consequently subject to greater uncertainty. Forward-looking statements for periods beyond 2023 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, except for an assumed improvement in the risks related to the COVID-19 pandemic in future years.

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 2, 2023. 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 April 2022, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision clarifying that an entity should present a demand deposit with restrictions on use arising from a contract with a third party as cash and cash equivalents in the statements of financial position and cash flows, unless those restrictions change the nature of the deposit such that it no longer meets the definition of cash in IAS 7.

In 2022, we applied this agenda decision retrospectively, to each prior period presented, the impact of which was limited to the classification of funding of \$97 million received in Q1 2021 under a subsidy agreement with the Government of Québec. For further details, see section 10, *Accounting policies* in this MD&A.

## 1.1 Introduction

### At a glance

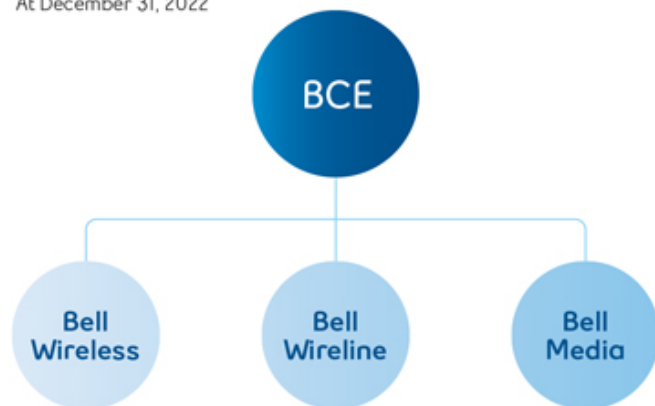
BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. BCE's shares are publicly traded on the Toronto Stock Exchange and on the New York Stock Exchange (TSX, NYSE: BCE).

Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. Effective with our Q1 2023 results, our previous Bell Wireless and Bell Wireline operating segments are being combined to form a single reporting segment called Bell Communication and Technology Services (Bell CTS). Bell Media remains a distinct operating segment and is unaffected. Refer to section 1.2, *About BCE* for further details.

Bell Wireless includes wireless service revenues and product sales as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Wireless services are provided to our residential, small and medium-sized business and large enterprise customers across Canada.

## BCE is Canada's largest communications company

BCE's business segments  
At December 31, 2022



Bell Wireline includes data revenues (including Internet, Internet protocol television (IPTV), cloud-based services and business solutions), voice and other communication services revenues, and wireline product sales. These services are provided 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 the results of our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

Bell Media provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) 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)
- an 18.4% 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



## 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

In 2022, we embedded our focus on creating a more sustainable future directly into our six strategic imperatives, reflecting our long-standing commitment to the highest ESG standards. As one of Canada's largest companies, we are driven to continually improve our impact and our contribution to society with our connectivity commitments, investments in mental health initiatives, environmental sustainability and an engaged workplace.

## Our alignment to the International Integrated Reporting Framework

Following the principles of the International Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC) (which now forms part of the Value Reporting 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 2022 consolidated results

### Operating revenues

# \$24,174

million  
+3.1% vs. 2021

### Net earnings

# \$2,926

million  
+1.2% vs. 2021

### Adjusted EBITDA <sup>(1)</sup>

# \$10,199

million  
+3.1% vs. 2021

### Net earnings attributable to common shareholders

# \$2,716

million  
+0.3% vs. 2021

### Adjusted net earnings <sup>(1)</sup>

# \$3,057

million  
+5.6% vs. 2021

### Cash flows from operating activities

# \$8,365

million  
+4.5% vs. 2021

### Free cash flow <sup>(1)</sup>

# \$3,067

million  
+2.9% vs. 2021

## BCE customer connections

### Wireless

Total mobile phones

# +5.2%

9.9 million subscribers at the end of 2022

### Retail high-speed Internet <sup>(2) (3)</sup>

# +10.3%

4.3 million subscribers at the end of 2022

### Retail TV <sup>(2) (3)</sup>

# +0.6%

2.8 million subscribers at the end of 2022

### Retail residential network access services (NAS) lines <sup>(2) (3)</sup>

# (4.7%)

2.2 million subscribers at the end of 2022

## 1.2 About BCE

Our 2022 results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. We describe our products and services by segment in this section, to provide further insight into our operations.

### Segmented reporting changes in 2023

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 will result 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 are being combined to form a single reporting segment called Bell CTS. Bell Media remains a distinct operating segment and is unaffected. As a result of our reporting changes, prior periods are being restated in 2023 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, 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.

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.

(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 Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 67,090, 9,025 and 3,456 subscribers, respectively.

(3) 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.

## Our products and services



### Bell Wireless

#### Segment description

- Includes wireless service revenues and product sales as well as the results of operations of our national consumer electronics retailer, The Source
- Wireless services are provided to our residential, small and medium-sized business and large enterprise customers across Canada

#### 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.

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 approximately 96% of Canada's population, and 5G coverage of 82% of Canada's population, with 5G+ covering 38% of Canada's population at December 31, 2022
- Peak theoretical mobile data access download speeds: 5G and 5G+, up to 1.7 gigabit(s) per second (Gbps) (average expected speeds of 76 to 469 megabits per second (Mbps) in select areas of Western Canada, Ontario and Quebec); LTE-A, up to 1.5 Gbps <sup>(1)</sup> (average expected speeds of 25 to 325 Mbps); 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) <sup>(2)</sup>
- 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.

We have more than 8,000 retail points of distribution across Canada, including over 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.

#### Our brands include



#### Our 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 and virtual reality)
- **Travel:** international roaming in over 230 destinations, with LTE roaming in 209 destinations and 5G roaming in 63 destinations
- **Mobile business solutions:** push-to-talk, field service management, worker safety and mobility management
- **IoT solutions:** asset management, smart buildings, smart cities, fleet management, smart supply chain and other IoT services

(1) Peak theoretical download speeds of up to 1.5 Gbps on LTE-A are currently available in Kingston, Waterloo, Toronto, Mississauga, Vaughan, Richmond Hill, Markham, Brampton, North Bay, Niagara-on-the-Lake, Cambridge, Pickering, Ajax, Burlington, Guelph, London, Niagara Falls, Oakville, St. Catharines, Thorold, Thunder Bay, Welland and Ottawa. Compatible device required.

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

## Bell Wireline

### Segment description

- Includes data revenues (including Internet, IPTV, cloud-based services and business solutions), voice, and other communication services revenues, and wireline product sales. These services are provided 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. We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia.
- Includes the results of 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

### Our networks and reach

- Extensive local access network in Ontario, Québec, the Atlantic provinces and Manitoba, as well as in Canada's Northern Territories
- Broadband fibre network, consisting of fibre-to-the-premise (FTTP) and fibre-to-the-node (FTTN) locations, covering approximately 10 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba
- Wireless-to-the-premise (WTTT) footprint covering approximately 1 million locations primarily in rural areas. WTTT 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
- More than 650 Bell and Virgin Plus locations

### Our products and services

#### Residential

- **Internet:** high-speed Internet access through fibre optic broadband technology, 5G-capable WTTT 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 total download speeds of up to 8 Gbps and total upload speeds of up to 8 Gbps with FTTP, or download speeds of up to 100 Mbps with FTTN, while our Wireless Home Internet (WHI) fixed wireless service currently 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 new 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

### Our brands include



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 thousands of apps on 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.
- **Communications:** We offer a variety of voice, unified communications and contact centre solutions, including IP telephony, local and long distance, audio, video and web conferencing and webcasting, and a range of contact centre options from cloud-based and hybrid solutions to dedicated, on-premises services that support a variety of business sizes.
- **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 cloud professional and managed services, cloud computing, public multi-access edge computing (MEC) with Amazon Web Services (AWS) Wavelength, cloud connect, and cloud backup and disaster recovery.
- **Other:** We offer a full suite of solutions to address businesses' security concerns, including network security, cloud security and managed and professional services.

## 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 and direct-to-consumer (DTC) streaming services revenue is derived from subscription fees

### Our assets and reach

#### TV

- 35 conventional TV stations including **CTV**, Canada's #1 network for 21 consecutive years <sup>(1)</sup>, #1 Canadian advertising-based video on demand (AVOD) platform CTV.ca <sup>(2)</sup> 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
- 27 specialty TV channels, including **TSN**, Canada's sports leader <sup>(3)</sup> and **RDS**, the top French-language sports network <sup>(1)</sup>
- 4 pay TV services and 4 DTC streaming services, including **Crave**, the exclusive home of HBO in Canada, **TSN** and **RDS**

#### Radio

- 109 licensed radio stations in 58 markets across Canada, all available through the iHeartRadio Canada app alongside an extensive catalogue of podcasts

#### OOH advertising

- Network of more than 45,000 advertising faces in key urban markets across Canada

#### 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), 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 Cup Series, Formula 1 (F1), Grand Slam Tennis, Ultimate Fighting Championship (UFC), National Collegiate Athletic Association (NCAA), March Madness and more.
- **HBO:** long-term agreement to deliver all current-season, past-season and library HBO programming in Canada exclusively on our linear, on-demand and OTT platforms

### Our brands include



- **HBO Max:** long-term exclusive agreement to deliver original, non-children's programming produced by Warner Bros. Television Group for HBO Max
- **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

- Partnership in Just for Laughs, the live comedy event and TV producer
- Equity interest in Dome Productions Partnership, one of North America's leading providers of sports and other event production and broadcast facilities
- 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
- Montréal's Octane Racing Group Inc., promoter of the F1 Canadian Grand Prix, the largest annual sports and tourism event in the country

#### 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 TV streaming service offering a large collection of premium content in one place, including HBO, 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** 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

(1) Based on data provided by Numeris, a data company providing audience data and insights capturing media behaviours for the Canadian media industry.

(2) Based on data provided by Comscore, Inc., an American media measurement and analytics company.

(3) Based on the depth and breadth of broadcasted sporting events, and TSN's reach, according to data provided by Numeris, and TSN being the consumer preferred brand for live sports and sports news.

## 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
- an 18.4% 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

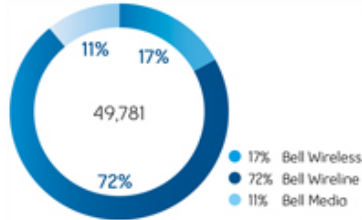


### Employees

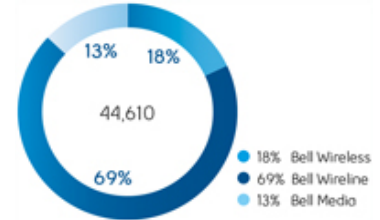
At the end of 2022, our team consisted of 44,610 employees, a decrease of 5,171 employees, compared to the 49,781 employees at the end of 2021, attributable to the sale of a subsidiary, coupled with natural attrition, retirements and workforce reductions.

Approximately 43% of total BCE employees were represented by labour unions at December 31, 2022.

BCE  
2021 employees



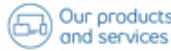
BCE  
2022 employees



### 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



This section contains forward-looking statements, including relating to our plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

### Launch of Bell Ventures

On October 25, 2022, Bell introduced Bell Ventures, its corporate venture capital initiative to encourage development of early-stage and growth companies that harness the power of Bell's networks to drive growth and adoption of advanced technological solutions. Building on Bell's history of innovation and investments, Bell Ventures is a natural extension of Bell's purpose to advance how Canadians connect with each other and the world. Bell Ventures invests in early-stage and growth companies that provide advanced technology solutions seeking to further differentiate

Bell's 5G and fibre networks and deliver solutions for its customers, including in the areas of network security, IoT, robotics, telematics, clean technology (cleantech), augmented/virtual reality (AR/VR), and the metaverse. Recent investments by Bell Ventures include Cohere Technologies, the creator of spectrum multiplier software for 4G and 5G networks, and Boreal Ventures, a venture capital fund supporting promising Québec deep tech start-ups, created in partnership with Montréal innovation centre Centech.

## Acquisition of Distributel

On December 1, 2022, Bell completed its acquisition of 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. 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 Wireline segment.

## Strategic partnership with Staples Canada

On January 31, 2023, Bell and Staples Canada announced a multi-year exclusive agreement to sell Bell, Virgin Plus and Lucky Mobile wireless and wireline services through Staples stores across Canada for consumers and small businesses, starting in the first half of 2023. In addition, Bell and Staples will partner to sell Bell wireless and wireline services direct to medium-sized businesses through the Staples Professional sales team, backed by Bell's advanced communications expertise.

## Bell Business Markets leadership change

On January 31, 2023, John Watson, Group President, Customer Experience and Artificial Intelligence (AI), took on an expanded role as Group President, Business Markets, Customer Experience and AI, following the retirement of Bell Business Markets President Tom Little after a distinguished 13-year career at the company. This combined leadership approach highlights Bell's focus on bringing the best digital connections and next-generation services to Canadians and businesses while keeping customer experience at the centre of everything we do.

## 1.4 Capital markets strategy



This section contains forward-looking statements, including relating to BCE's dividend growth objective, 2023 annualized common share dividend, dividend payout ratio and financial policy targets, 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 sustainable shareholder returns through consistent dividend growth. This objective is underpinned by continued growth in free cash flow and a strong balance sheet, supporting a significant 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 <sup>(1)</sup>

**6.2%**

in 2022

2023 dividend increase

**+5.2%**

to \$3.87 per common share

Dividend payout <sup>(2)</sup> policy

**65%–75%**

of free cash flow

On February 2, 2023, we announced a 5.2%, or 19 cents, increase in the annualized dividend payable on BCE's common shares for 2023 to \$3.87 per share from \$3.68 per share in 2022, starting with the quarterly dividend payable on April 17, 2023. This is BCE's 15th consecutive year of 5% or better dividend growth.

Our objective is to seek 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 and, consequently, there can be no guarantee that BCE's dividend policy will be maintained, that the dividend on common shares will be increased or that dividends will be declared. As at December 31, 2022, our dividend payout ratio was 108%, compared to 105% at December 31, 2021, which is higher than our policy range due to a planned acceleration in capital expenditures. Although capital expenditures are expected to decrease in 2023, they will remain elevated compared to pre-2020 annual levels as we continue to make generational investments in our networks to support the buildout of our fibre, 5G and 5G+ network infrastructure. As a result, BCE's dividend payout ratio is expected to remain above our target policy range in 2023.

(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.

## Executive compensation alignment

BCE's management equity-based incentive plans are based on a pay-for-performance philosophy. The overall goal is 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 fully aligned to shareholder interests

## Capital markets priorities

Consistent with our capital markets objective to deliver sustainable shareholder returns through dividend growth, while maintaining planned levels of capital investment, investment-grade credit ratings and considerable overall financial flexibility, we deploy excess free cash flow, 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

- Voluntary contributions to BCE's defined benefit (DB) pension plans to improve the funded position of the plans and reduce the use of letters of credit for funding deficits
- Share buybacks through normal course issuer bid programs

In 2022, excess free cash flow <sup>(1)</sup> was negative \$245 million, down from negative \$152 million in 2021. The year-over-year decrease was primarily attributable to higher capital expenditures consistent with our accelerated capital expenditure program to accelerate the rollout of Bell's wireline fibre and wireless 5G and 5G+ infrastructure. Cash flows from operating activities in 2022 were \$8,365 million, up \$357 million year-over-year.

## Total shareholder return performance

Five-year total shareholder return <sup>(2)</sup>

**+30.3%**

2018-2022

One-year total shareholder return <sup>(2)</sup>

**(4.2%)**

2022

### Five-year cumulative total value of a \$100 investment <sup>(3)</sup>

December 31, 2017 – December 31, 2022



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 <sup>(4)</sup>, for the five-year period ending December 31, 2022, assuming an initial investment of \$100 on December 31, 2017 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 <sup>(1)</sup> position of \$3.5 billion at the end of 2022, comprised of \$99 million in cash, \$50 million in cash equivalents, \$700 million available under our securitized receivables program and \$2.65 billion available under our \$3.5 billion committed revolving and expansion credit facilities <sup>(2)</sup>, 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 no maturities until the third quarter of 2023. 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 <sup>(3)</sup>

- Average term of Bell Canada's publicly issued debt securities: approximately 13 years
- Average after-tax cost of publicly issued debt securities: 2.9%
- No publicly issued debt securities maturing until Q3 2023

### Strong liquidity position <sup>(3)</sup>

- \$2.65 billion available under our \$3.5 billion multi-year committed credit facilities
- \$700 million accounts receivable securitization available capacity
- \$99 million cash
- \$50 million cash equivalents

### Investment-grade credit profile <sup>(3)</sup> <sup>(4)</sup>

- 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, including net debt leverage ratio, adjusted EBITDA to adjusted net interest expense ratio, and dividend payout ratio.

As a result of financing a number of strategic acquisitions made since 2010, including CTV Inc. (CTV), Astral Media Inc. (Astral), MLSE, Bell Aliant Inc. and Manitoba Telecom Services Inc. (MTS); voluntary pension plan funding contributions to reduce our pension solvency deficit; wireless spectrum purchases; accelerated capital expenditures; as well as a one-time unfavourable impact in 2019 due to the adoption of IFRS 16 that added \$2.3 billion of lease liabilities to net debt <sup>(1)</sup> on our balance sheet on January 1, 2019, our net debt leverage ratio has increased above our internal target range. At December 31, 2022, our net debt leverage ratio <sup>(1)</sup> was 3.30 times adjusted EBITDA, which exceeded the upper end of our internal target range by 0.80 times.

BCE's adjusted EBITDA to adjusted net interest expense ratio <sup>(1)</sup> at the end of 2022 remained above our internal target range of greater than 7.5 times adjusted EBITDA at 8.50 times, providing good predictability in our debt service costs and protection from interest rate volatility.

BCE credit ratios	Internal target	December 31, 2022	December 31, 2021
Net debt leverage ratio	2.0–2.5	3.30	3.17
Adjusted EBITDA to adjusted net interest expense ratio	>7.5	8.50	8.77

Bell Canada successfully accessed the debt capital markets in February 2022 and November 2022, raising \$750 million in U.S. dollars (\$954 million in Canadian dollars) in gross proceeds from the issuance of notes in the U.S., and a total of \$1 billion in gross proceeds from the

issuance in Canada of medium-term note (MTN) debentures. 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 2.9% (4.0% on a pre-tax basis) and the average term to maturity at approximately 13 years. The net proceeds of the 2022 offerings were used to fund the early redemption of \$1 billion of Bell Canada MTN debentures maturing in 2023, to repay short-term debt and for general corporate purposes.

BCE also redeemed all of its outstanding Cumulative Redeemable First Preferred Shares, Series AO (Series AO Preferred Shares) in March 2022 at a redemption price of \$25.00 per Series AO Preferred Share, for a total amount of \$115 million.

In March 2022, Bell Canada renewed its short form base shelf prospectus, enabling Bell Canada to offer debt securities from time to time until April 7, 2024. The debt securities will be fully and unconditionally guaranteed by BCE. Consistent with past practice, the short form base shelf prospectus was renewed to continue to provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. debt capital markets.

Subsequent to year end, on February 9, 2023, Bell Canada completed a public offering in Canada of \$1.5 billion of MTN debentures in two series. The \$1.05 billion 4.55% Series M-58 MTN debentures will mature on February 9, 2030. The \$450 million 5.15% Series M-59 MTN debentures will mature on February 9, 2053. The net proceeds of the offering were used to repay short-term debt and for general corporate purposes.

As at March 2, 2023, Bell Canada had issued \$2.5 billion principal amount of debt securities under its new short form base shelf prospectus.

(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) In 2022, Bell Canada converted its committed credit facilities into a sustainability-linked loan. The amendment introduces a borrowing cost that varies based on Bell's performance of certain sustainability performance targets.

(3) As at December 31, 2022

(4) 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.

## 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 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 company.

Below are our key Board information and governance best practices:

✓ Directors are ALL Independent (except CEO)	✓ Directors' Tenure Guidelines
<b>99.5%</b> 2022 Board and Committee Director Attendance Record	✓ Board Renewal: 8 Non-Executive Director Nominees ≤ 7 Years Tenure
✓ Board Committee Members are All Independent	✓ Share Ownership Guidelines for Directors and Executives
✓ Board Diversity Policy and Target for Gender Representation	✓ Code of Business Conduct and Ethics Program
✓ Annual Election of All Directors	✓ Annual Advisory Vote on Executive Compensation
✓ Directors Elected Individually	✓ Formal Board Evaluation Process
✓ Majority Voting for Directors	✓ Board Risk Oversight Practices
✓ Separate Chair and CEO	✓ ESG Strategy Reviewed by Board
✓ Board Interlocks Guidelines	✓ 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 [sedar.com](https://www.sedar.com)) and furnished to the U.S. Securities and Exchange Commission (available at [sec.gov](https://www.sec.gov)), and available on BCE's website at [BCE.ca](https://www.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, and on environmental matters at each of its meetings.
- The Audit Committee is responsible for overseeing financial reporting and disclosure, as well as the organization's internal control systems and compliance with legal requirements
- 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 guidelines and determining the composition of the Board and its committees. The Governance Committee is responsible for oversight of our corporate purpose and ESG strategy (including integration of ESG within our company strategy), and monitoring the implementation of ESG programs, goals and key initiatives, and related disclosure. The Governance Committee is also responsible for oversight of the organization's policies concerning business conduct, ethics and public disclosure of material information.

## 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 44,610 employees as at December 31, 2022, 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 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 policy definitions and monitors the organization's performance against these policies. In high and emerging risk areas such as information security, Corporate Security leverages its experience and competence and, through collaboration with the operational business units, develops strategies intended to seek to mitigate the organization's risks. For instance, we have implemented security awareness training and policies and procedures that seek to mitigate information security threats. We further rely on security assessments to identify risks, projects and implementation controls with the objective of ensuring that systems are deployed with the appropriate level of control based on risk and technical capabilities, including access management, vulnerability management, security monitoring and testing, to help identify and respond to attempts to gain unauthorized access to our information systems and networks. We evaluate and seek to adapt our security policies and procedures designed to protect our information and assets in light of the continuously evolving nature and sophistication of information security threats. However, given in particular the complexity and scale of our business, network infrastructure, technology and IT support systems, there can be no assurance that the security policies and procedures 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 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.

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 support the social and economic prosperity of our communities while safeguarding the environment, with a commitment to the highest ESG standards.

### 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. Our focus is on creating a more sustainable future by embedding it directly into our six strategic imperatives. 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 stakeholder engagement and our own internal processes, we monitor ESG issues and opportunities and set objectives for priority issues seeking to enhance sustainability performance. 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, which includes oversight and related disclosure of climate-related risks. It is also responsible for our governance practices and policies, including those concerning business conduct and ethics. In addition, the Risk and Pension Fund Committee oversees environmental, safety and security risks, including data governance and cybersecurity, while the Audit Committee monitors significant ESG issues and approves our risks and assumptions disclosures. The Compensation Committee has oversight of human resource issues including respectful workplace practices, DEIB, team survey results, human rights and health and

safety. 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. The majority of team members participate in the AIP.

Since 1993, BCE has been publishing a Corporate Responsibility Report detailing our performance in managing ESG issues. However, 2022 marks the first year we present our financial and non-financial performance in an Integrated Annual Report following the principles of 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. 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.

BCE is recognized for its corporate responsibility and ESG programs, as reflected in its inclusion in various sustainability indices and its receipt of sustainability awards, such as the Global 100 by Corporate Knights <sup>(1)</sup> and the Order of Excellence for Mental Health at Work by Excellence Canada. <sup>(2)</sup> In 2022, BCE continued to be listed on socially responsible investment indices, such as the FTSE4Good Index, the Jantzi Social Index, the Ethibel Sustainability Index Excellence Global, the Euronext Vigeo World 120 index, Oekom Research ISS index, MSCI ESG Index, the Global Compact 100 index and since January 2023, we are a constituent of the Global 100 index from Corporate Knights.

(1) In January 2023, Corporate Knights, a sustainable-economy media and research company, ranked Bell #42 in its 2023 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.

(2) 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 establishment of mental health at work best practices benchmarked against world-class organizations, and the demonstrated impact of Bell's mental health focus over several years.

## 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 divides that separate communities, we are also supporting growth among suppliers and partners and helping build and drive innovation across the Canadian digital ecosystem.

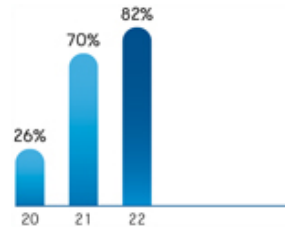
In 2022, Bell's capital expenditures were \$5.1 billion as we continued to accelerate fibre deployments directly to homes and businesses and 5G wireless connectivity throughout our footprint. As a direct result of these investments, Bell's pure fibre Internet was made available to an additional 854,000 homes and businesses by the end of 2022.

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 82% of all Canadians by the end of 2022.

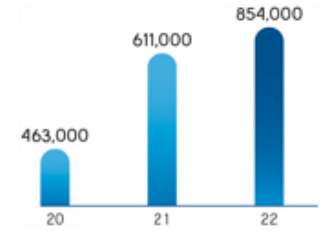
Investing in network security, capacity and resiliency has helped Bell achieve 99.9901% network reliability in 2022. Our investments provide core network architecture, diversity and redundancy – including multiple transport routes – which minimize the risk of major service disruptions. We also proactively provide notifications to keep customers informed if services are disrupted.

### Key metrics

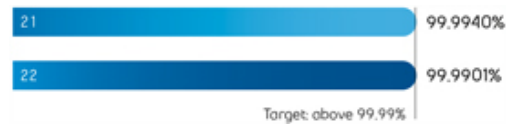
5G network coverage at December 31



Number of additional pure fibre locations built



### Bell's network reliability (1)



### How data privacy 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.

(1) Bell's network reliability refers to our high-speed Internet connection.

### 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 2022, 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

	2020	2021	2022
Number of unresolved well-founded privacy complaints from the Office of the Privacy Commissioner of Canada	0	0	0

### 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 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 13 years, Canadians and people worldwide have taken action to create positive change by engaging in the mental health conversation, working hard to help create a Canada where everyone can get the culturally-appropriate mental health support they need.

### 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 2022, we have aligned our Information Security program at 80% of the ISO/IEC 27001 standard which puts us in a good position to meet our target of 100% alignment by the end of 2023. 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, 88% of onboarded team members completed baseline training by the end of 2022. 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. In addition, to demonstrate employee-level organizational awareness in keeping Bell secure we are integrating a new metric, which consists of the number of reported phish simulations between our fully trained employees and non-trained employees on our Be Cyber Savvy information security training. This year, we observed a 155% increase in reported phishing simulations, signaling we are moving in the right direction.

#### Key metric

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



### 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 positive change in their mental health.

### Our activities and outcomes

In the lead up to Bell Let's Talk Day 2023, \$2.3 million in funding for mental health was awarded to projects across the country. This included:

- \$1 million from the Bell Let's Talk Post-Secondary Fund to support 10 colleges, universities and cégeps
- \$1.1 million from the Bell Let's Talk Diversity Fund to 11 organizations supporting the mental health and well-being of Canada's Black, Indigenous and People of Colour (BIPOC) communities
- \$200,000 to Cité de la Santé Foundation for the refurbishment of the psychiatric unit at the Cité-de-la-Santé Hospital (CISSS in Laval).

In January 2023, more than 300 communities and organizations across Canada and around the world 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 210 Canadian universities, colleges and cégeps across the country also engaged in a variety of initiatives in their learning environments to promote student mental health.

### 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,

### Key metric

On January 9, 2023, Bell committed an additional \$10 million toward our goal of \$155 million for Canadian mental health programs by 2025. This action replaced the donation of 5 cents per interaction that Bell has made in previous years on Bell Let's Talk Day. This new funding of \$10 million is more than Bell has ever committed on Bell Let's Talk Day and it shifted the emphasis on Bell Let's Talk Day toward practical actions that Canadians can all take throughout the year to create change. With the additional \$10 million, Bell has committed more than \$139 million towards its \$155 million goal and has partnered with more than 1,400 organizations providing mental health support and services throughout Canada.

- teleconferencing and teleworking which help ensure business continuity, as evidenced during the COVID-19 pandemic,
- dematerialization which substitutes technology (e.g., online banking apps) for travel (e.g., commuting to the bank),
- social networks, enabled by our infrastructure, which have a broad range of benefits, including car pooling and alternative travel solutions when extreme climate events limit transportation options.

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

### Key metric

#### GHG emissions avoided by our customers through the use of Bell's products and services

Number of times by which GHG emissions abated through the use of Bell technologies exceed GHG emitted by Bell's operations <sup>(1)</sup>



(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. 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



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 <sup>(1)</sup> 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 <sup>(2)</sup> in 2020, also making us the first North American communications company to be so designated <sup>(3)</sup>.

### How addressing climate change helps create value

Climate change poses risks to the health of 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.

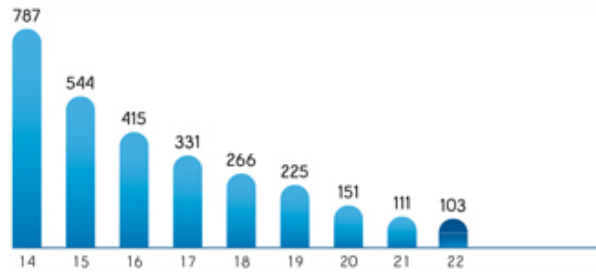
### Our activities and outcomes

We are taking action both to help fight climate change and adapt to its consequences. We are adapting by taking action to 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 footprints 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

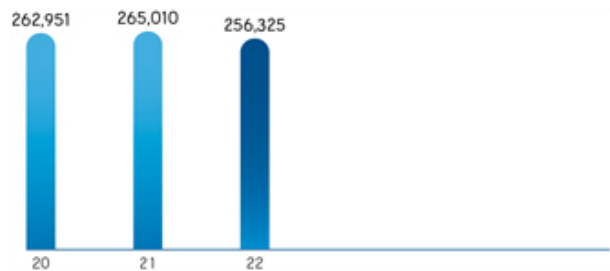
climate-related risks and opportunities from organizations worldwide. In 2022, we obtained an A- score, ranking us in the "Leadership Band" for the seventh consecutive year, recognizing our leadership on climate action, our alignment with current best practices and the transparency of our climate-related disclosures. Furthermore, we disclose annually on our risks and opportunities related to climate change following the 11 recommendations of the Financial Stability Board's 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 <sup>(4)</sup> starting in 2025. For 2026 and 2030, we have set science-based GHG emissions reduction targets that are consistent with the goals of the Paris Agreement. The Science Based Targets initiative (SBTi) <sup>(5)</sup> has approved the three specific targets set by BCE Inc. that cover all scopes.

### Key metrics

Energy intensity (Energy consumption (Megawatt hours (MWh) equivalent) divided by network usage (petabytes))



### Operational (scope 1 and 2) GHG emissions



(1) Our ISO 14001 certification covers Bell Canada's oversight of the EMS 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, 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) Operational GHG emissions include scope 1 and scope 2 emissions. Scope 1 GHG emissions are direct emissions from sources that are controlled by Bell. Scope 2 GHG emissions are indirect emissions associated with the consumption of purchased electricity, heating/cooling and steam required by Bell's activities.

(5) 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.

## 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. This approach effectively reduces the environmental impact of our operations. Waste reduction is essential to our objective of improving our operational efficiency. Waste reduction 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 ambitious waste reduction goals and strong monitoring processes in place that enable us to track and report on our waste-generating activities. 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 have set a goal of collecting 7 million used TV receivers, modems, mobile phones and Wi-Fi pods from January 2021 to the end of 2023. 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

## 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.

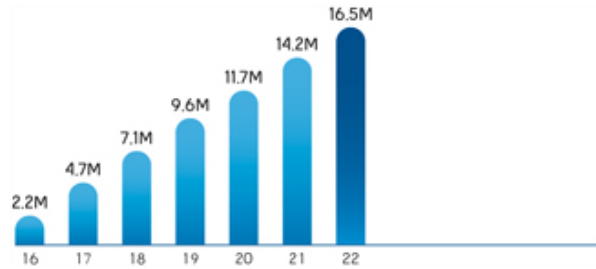
### Our activities and outcomes

To foster the well-being of our team members, we believe that engaging our team members as well as nurturing an inclusive environment are

adopted a new target to reach and maintain a 15% reduction of total waste sent to landfill by 2025, with a reference year of 2019. Through setting ambitious waste reduction targets, such as the ones listed above, we are striving to build a resilient path to circularity with the general ambition of sending zero waste to landfill and are investing in research and development of products where current technology does not provide responsible waste diversion methods.

### Key metric

Cumulative recovery of used TV receivers, modems, Wi-Fi pods <sup>(1)</sup> and mobile phones



both essential. We are proud to be ranked as one of Canada's Top Employers <sup>(2)</sup>. Bell has been recognized by Mediacorp as one of Canada's Best Diversity Employers, Top Employers for Young People, Top Family-Friendly Employers, one of Canada's Greenest Employers and one of Montréal's Top Employers <sup>(3)</sup> <sup>(4)</sup> <sup>(5)</sup> <sup>(6)</sup> <sup>(7)</sup>. Bell was also recognized as one of Canada's Future Workforce Top Employers in Computer Science based on input from thousands of Canadian university and college students <sup>(8)</sup>. 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 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.

(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 2023 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 Best Diversity Employers" in years 2017 to 2022 by Canada's Top 100 Employers. Winners are selected based on successful diversity initiatives in a variety of areas, when compared to other employers in the same field.

(4) Bell was recognized as one of "Canada's Top Employers for Young People" in years 2018 to 2022 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.

(5) Bell was recognized as one of "Canada's Top Family-Friendly Employers" in years 2020 to 2022 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.

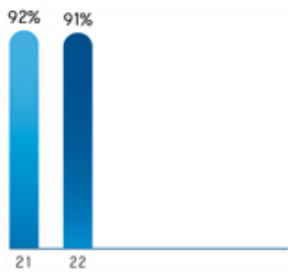
(6) Bell was recognized as one of "Canada's Greenest Employers" in years 2017 to 2022 by Canada's Top 100 Employers. Winners are evaluated and selected based on the development of sustainability initiatives and environmental leadership, when compared to other employers in the same field.

(7) Bell was recognized as one of "Montréal's Top Employers" in years 2013 to 2023 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.

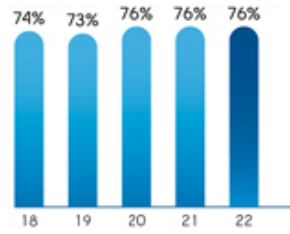
(8) Bell was recognized in 2021, 2022 and 2023 as one of Canada's Future Workforce Top Employers - Computer Science by Brainstorm Strategy Group Inc., a Canadian provider of advice, insights and professional development to employers, universities and colleges. The most recent ranking was based on a survey conducted among more than 20,000 current Canadian university and college students.

**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, we are a signatory to the Catalyst Accord 2022 (2) and a member of the 30% Club (3). Our current gender diversity target is a minimum of 35% gender diverse directors on the BCE Board, and at least 35% of Bell leaders at the vice president level and above by the end of 2023. By the end of 2022, we were at 32% for executives and 36% for Board members.

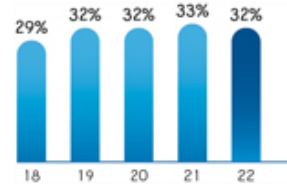
In 2022, Bell continued its commitment to taking meaningful actions to address the impacts of systemic racism on team members and others in BIPOC communities. This includes:

- Targets for BIPOC representation on our senior management team of at least 25% by 2025 and 40% of new graduate and intern hires
- Partnerships with the Onyx Initiative and the Black Professionals in Tech Network that are helping drive the recruitment of Black college and university students and promote Black talent in technology
- Promoting greater diversity in Canadian media with the HireBIPOC website and the Bell Media Content Diversity Task Force in partnership with BIPOC TV & Film

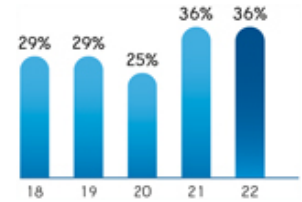
Looking ahead, we plan to continue building momentum for our diversity, equity, inclusion and belonging strategy based on concrete objective-setting and the integration of inclusive leadership practices.

**Key metrics**

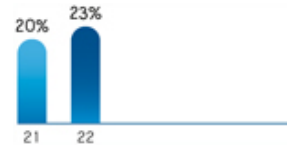
Gender diverse (4) representation in executive positions (vice-president level and above)



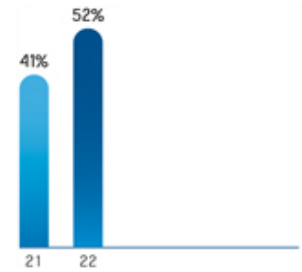
Gender diverse (4) representation among directors on the BCE Board



BIPOC representation in Bell senior management



BIPOC representation among new graduates and interns



**Our financial resources**



The financial resources of the company are addressed throughout this MD&A.

(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 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.

## Assumptions

### 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:

- 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
- Our ability to purchase sufficient credible carbon credits and renewable energy certificates to offset or further reduce our GHG emissions, if and when required
- 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 SBTs pursuant to the SBTi methodology that would make the achievement of our updated SBTs more onerous or unachievable in light of business requirements
- Sufficient supplier engagement and collaboration in setting their own SBTs, no significant change in the allocation of our spend by supplier and sufficient collaboration with partners in reducing their own GHG emissions

### DEIB targets



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

## 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 and our 2023 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



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

#### 2022 progress

- Expanded our FTTP direct fibre footprint to an additional 854,000 homes and businesses in communities throughout Manitoba, Ontario, Québec and Atlantic Canada. FTTP delivers total broadband access speeds of up to 8 Gbps currently, with faster speeds expected in the future as equipment evolves to support these higher speeds.
- Expanded our 5G wireless network to reach 82% of Canada's population
- Launched 5G+, the next evolution of 5G leveraging 3500 MHz wireless spectrum acquired in 2021. 5G+ service is expected to be faster and more responsive than 5G, allowing for a superior mobile experience. 5G+ coverage expanded to reach 38% of Canada's population at the end of 2022.

- Bell's 4G and 5G networks were ranked Canada's fastest for the third year in a row in PCMag's 2022 Fastest Mobile Networks Canada report, the annual study of mobile network performance across the country <sup>(1)</sup>
- Announced a large-scale investment in broadband infrastructure as part of the Ontario Accelerated High Speed Internet Program (AHSIP). Bell is investing over \$650 million in partnership with a Government of Ontario investment of \$484 million, enabling the deployment of our all-fibre network to over 80,000 homes and businesses in underserved regions across Ontario as part of AHSIP by 2025.

#### 2023 focus

- Increase the number of customer locations covered with direct fibre connections by up to 650,000
- Expand mobile 5G coverage to 85% of Canada's population
- Increase coverage of 5G+ service to 46% of Canada's population

### 2.2 Drive growth with innovative services



**Leverage the power of our leading network technologies to deliver differentiated communications services to Canadians and drive our revenue growth.**

#### 2022 progress

- Added 489,901 total net postpaid and prepaid mobile phone subscribers, up 66.2% over 2021
- Expanded our lineup of 5G, 4G LTE and LTE-A devices, including Apple's iPhone 14 Series, the Samsung Galaxy S22 series and Google's Pixel 7 and Pixel 7 Pro
- Introduced unlimited Ultimate plans, a tier of mobile unlimited share plans that provide significant data and max speeds, international messaging, high-definition (HD), video quality plus sharable data and calling within Canada and the U.S. Customers who subscribe to an Ultimate plan also receive a 24-month subscription to Crave Mobile.
- Building on Bell's strategic partnership with AWS, we launched the first public MEC platform with AWS Wavelength in Canada at the edge of our 5G network
- Building on Bell's strategic partnership with Google Cloud, we deployed the first global production implementation of Google Distributed Cloud Edge for our core network functions, driving digital transformation and operational efficiencies

- Built on our position as the leading Internet service provider (ISP) in Canada with a retail high-speed Internet subscriber base of 4,258,570 at December 31, 2022, up 10.3% over 2021
- Bell was named the top ISP among Canada's major providers for gaming for the second year in a row in PCMag's Best Gaming ISPs Canada 2023 report based on PCMag's Quality Index (speed, latency and jitter)
- Launched Bell Gigabit Fibe 3.0 service offering symmetrical download and upload speeds of 3 Gbps in several communities across Ontario, Québec and the Atlantic provinces
- Introduced Bell Gigabit Fibe 8.0 offering symmetrical download and upload speeds of 8 Gbps, the fastest speeds available in the market today among major ISPs in North America, in eligible areas of Toronto
- Launched the Giga Hub featuring Wi-Fi 6E, the fastest Wi-Fi technology available, for fibre customers in Ontario and Québec
- Acquired EBOX and other related companies, which provide Internet, telephone and TV services to consumers and businesses in Québec and parts of Ontario, strengthening our competitive position in the value-seeking segment of the market
- Acquired Distributel, a national independent communications provider offering a wide range of consumer, business and wholesale communications services, supporting our strategy to grow residential and business customers

(1) PCMag delivers labs-based, independent reviews of the latest technology products and services. In September 2022, PCMag ranked Bell's mobile networks number one in its 2022 study of mobile network performance across Canada for a third year in a row. This study is based on a weighted average of download speeds, upload speeds and average latency in PCMag's tests.

## 2023 focus

- Maintain our market share of national operators' postpaid mobile phone net additions
- Growth of our prepaid mobile phone subscriber base
- Introduction of more 5G devices and services
  - In January 2023, Bell partnered with Snap Inc. to create a unique immersive experience for Toronto Raptors fans with the first ever 5G multi-user AR basketball experience on Snapchat
- 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 with next generation speeds 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
- In January 2023, Bell entered into a multi-year exclusive agreement to sell its Bell, Virgin Plus and Lucky Mobile wireless and wireline services through Staples stores across Canada. In addition, Bell and Staples will partner to sell Bell wireless and wireline services direct to medium-sized businesses through the Staples Professional sales team, backed by Bell's advanced communications expertise.
- 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



**Take a holistic approach to our mix of media and distribution assets to deliver the content Canadians want the most.**

### 2022 progress

- Maintained our position as Canada's largest TV provider with 2,751,498 retail subscribers at December 31, 2022, and increased our total number of IPTV subscribers by 5.6% to 1,988,181
- Introduced the latest evolution of Fibe TV, with new capabilities and features including access to the Google Play app catalogue, voice remote powered by Google Assistant, universal search and Cloud PVR, backed by Google Android TV
- Grew our Crave subscriber base to more than 3.1 million, up 6% over 2021
- Crave announced a long-term and exclusive Pay-One window licensing agreement for theatrical feature films from Sony Pictures Entertainment
- Maintained CTV's #1 ranking as the most-watched TV network in Canada for the 21st year in a row <sup>(1)</sup>
- Formed a partnership with Lionsgate for a co-development deal to produce comedy and drama TV series for the global market
- Announced a long-term expansion of our comprehensive media rights agreement with the NFL, ensuring Bell Media remains the exclusive TV broadcast partner of the NFL in Canada
- TSN, Canada's sports leader <sup>(2)</sup>, and RDS, the top French-language sports network <sup>(1)</sup>, entered into a multi-year agreement with MLS to deliver an extensive schedule of regular season matches, plus marquee playoff matchups and the annual MLS Cup championship game
- TSN and FanDuel Group, North America's premier online gaming company, announced an exclusive multi-year agreement to introduce FanDuel's sportsbook to Canadian sports fans
- Launched noovo.info, a digital news platform that approaches news differently, notably through the distribution of information on social media and creation of news content for TikTok and Instagram to reach younger audiences

- Astral acquired Imagine Outdoor Advertising Ltd.'s entire digital OOH advertising network in Alberta, bringing Astral's total digital inventory in Alberta to 39 faces
- Partnered with Air Canada to launch Live TV onboard select aircraft and domestic routes, enabling passengers to watch live sports coverage on TSN and RDS, and breaking news coverage from CTV News Channel and BNN Bloomberg

### 2023 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
- Reinforce industry leadership in conventional TV, specialty TV, pay TV, streaming and sports services
  - In January 2023, 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.
- Continued scaling of Crave through broader content offering, user experience improvements and expanded distribution
- Continued investment in Noovo originals to increase market share and bolster our position through continued audience growth
- Grow advertising revenue and maximize market share
- Scale our Strategic Audience Management (SAM) TV and Bell 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 TV inventory
- Advance our digital-first media strategy including growing digital revenues <sup>(3)</sup> and DTC subscribers
- Optimize unique partnerships and strategic content investments to monetize content rights and Bell Media properties across all platforms

(1) Based on data provided by Numeris.

(2) Based on the depth and breadth of broadcasted sporting events, and TSN's reach, according to data provided by Numeris, and TSN being the consumer preferred brand for live sports and sports news.

(3) 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 Video on Demand services.

## 2.4 Champion customer experience



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

### 2022 progress

- Led national telecom service providers in reducing our share of consumer complaints, according to the 2021 – 2022 Annual Report from the Commission for Complaints for Telecom-television Services (CCTS). While complaints to the CCTS as a whole decreased by 25%, Bell again outpaced national competitors with a decrease of 38%. Bell's overall share of complaints decreased to 17.2%, down 3.5 percentage points, which was the largest decline among national providers.
- Bell was awarded Best of Show Mobile Application and Best Telecommunication Mobile Application for the MyBell app at the 2022 Mobile Web Awards by the Web Marketing Association <sup>(1)</sup>
- MyBell, Virgin Plus My Account and Lucky Mobile My Account all won Gold as the top service apps at the 2022 MarCom Awards <sup>(2)</sup>
- Virgin Plus added a new "Request a Call" option to its self-serve channels, allowing customers to book a call from a live care agent through the app, website, chat and IVR channels if they have questions or require additional support
- Improved postpaid mobile phone churn by 0.01 points (pts) over 2021 to 0.92%
- Launched new tool allowing customers in Ontario and Québec to check for Internet outages in their area, including the ability to get real-time updates and manage notifications on network status and resolution time

- Launched app-based instructive flow for new self-install customers, with customized support and the ability to advance the activation date
- Improved issue identification and assigned more case managers to handle potentially challenging service experiences
- Leveraged AI to automate the service experience either through our agents or our digital platforms
- Created a new dedicated queue to support Mandarin and Cantonese customers in their own language to produce a more personalized sales and service experience for many new Canadians
- Bell was ranked the most valuable communications brand in Canada and the third most valuable overall in Kantar's annual BrandZ report on the most valuable Canadian brands of 2022, reflecting our Bell for Better commitment to the highest ESG standards, and our network reach, reliability and service excellence <sup>(3)</sup>

### 2023 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 evolve our self-serve tools, including the addition of Wi-Fi check-up functionality within the MyBell app, allowing customers to optimize their Wi-Fi network and ensure each device has a strong signal
- 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



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

### 2022 progress

- Maintained stable BCE consolidated adjusted EBITDA margin despite \$87 million in storm recovery and inflationary cost pressures <sup>(4)</sup>
- Reduced wireline operating costs by 0.5%, contributing to Bell Wireline adjusted EBITDA margin <sup>(5)</sup> improvement of 0.2 pts over 2021
- 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 low average after-tax cost of Bell Canada's publicly issued debt securities of 2.9%

### 2023 focus

- Continued sharp focus on our cost structure
- Realize cost savings from:
  - operating efficiencies enabled by a growing direct fibre footprint
  - changes in consumer behaviour and digital adoption
  - product and service enhancements and innovation
  - new call centre technology and digital investments that are enabling self-serve capabilities
  - other improvements to the customer service experience
  - management workforce reductions including attrition and retirements
  - lower contracted rates from our suppliers
  - rationalization of real estate footprint

(1) The Mobile Web Award program recognizes the individual and team achievements of Web professionals all over the world who create and maintain the best mobile websites and the best mobile applications. Bell won Best of Show Mobile Application for the MyBell App which also was recognized as Best Telecommunication Mobile Application. The MobileWebAwards were judged on seven criteria seen as requirements for a success mobile website or mobile app. They include Creativity, Impact, Design, Content, Interactivity, Ease of use and Use of the medium. Each mobile website or mobile app entry was judged against other entries of the same format in its industry category and then against an overall standard of excellence.

(2) Bell's self-serve apps MyBell, Virgin Plus My Account and Lucky Mobile My Account all won Gold at the 2022 AVA Digital Awards in the App for Business category. The AVA Digital Awards, managed by the Association of Marketing & Communication Professionals, is an international audio-visual arts competition that recognizes excellence in next-generation digital communications. Bell's family of apps was measured against more than 2,500 applications from across the world based on concept, direction, design and production.

(3) Kantar is a global data, insights and consulting company. The brands that appear in the Kantar BrandZ Most Valuable Canadian Brands 2022 report are the most valuable brands in Canada, and were selected for inclusion based on the Kantar BrandZ brand valuation methodology that combines extensive and ongoing consumer insights with rigorous financial analysis.

(4) Inflationary cost pressures are defined as a year-over-year increase in operating costs driven by inflationary pressures related to fuel, utilities and salary expenses

(5) Adjusted EBITDA margin is defined as adjusted EBITDA divided by operating revenues.

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



**Strengthen our inclusive workplace culture and recognize that Bell's success requires dynamic and engaged team members who embrace the highest ESG standards.**

### 2022 progress

- Recognized as one of Canada's Top 100 Employers for the eighth consecutive year in Mediacorp's annual review of the best workplaces across the country, reflecting our success in key areas including employee benefits, training and skills development and community involvement
- Named one of Canada's Best Diversity Employers for the sixth year in a row in Mediacorp's 2022 report on workplace diversity and inclusion, in recognition of Bell's commitment to fostering an inclusive, equitable and accessible workplace where all team members can make an impact, immerse themselves in opportunities, and feel like they belong
- Named one of Canada's Top Employers for Young People for the fifth consecutive year by Mediacorp in recognition of our industry-leading recruitment and career development programs for students
- Named one of Canada's Top Family-Friendly Employers by Mediacorp in recognition of a wide range of employee benefits that support families
- Awarded the Order of Excellence certification in Mental Health at Work from Excellence Canada for best practices and progress in employee mental health and well-being
- Recognized by Women in Governance (WiG) at the Platinum Parity Certification level, reflecting our leadership and progress on gender parity and the effectiveness of systemic enablers <sup>(1)</sup>
- Bell signed on to the Progressive Aboriginal Relations (PAR) program, established by the Canadian Council for Aboriginal Business (CCAB) which supports progressive improvement in Indigenous relations with a certification program that confirms corporate performance and commitment
- Introduced our Employee Value Proposition, a clear statement of the values and experiences that make Bell a unique workplace where all team members can make an impact, immerse themselves in opportunities, and feel like they belong

- Launched the Bell Mentoring program to enhance career opportunities for Bell team members, build relationships and boost inclusion in the workplace
- Modernized Bell's Omniflex benefits program to offer more flexibility and enhanced wellness support, including more inclusive and accessible options
- Rolled out unlimited mental health benefit coverage for team members and their eligible family members to support their mental health and well-being
- Introduced a flexible holiday policy, including the ability to substitute days, reflecting our support for flexibility and diversity in the workplace
- Obtained approval from the SBTi for our science-based absolute GHG emissions reduction targets
- Named the top telecom company and #4 overall in Canada on the June 2022 Corporate Knights Best 50 Corporate Citizens list <sup>(2)</sup>
- Named the inaugural GHG Reductions Champion by Canada's Clean50 Awards in recognition of our success reducing the GHG emissions intensity of our operations <sup>(3)</sup>
- Named one of Canada's Greenest Employers for the sixth straight year

### 2023 focus

- Continue to play an active role in engaging our team and the broader community in diversity issues and deliver on DEIB objectives
- Evolve Bell Workways, a hybrid work model that provides our team members with flexibility, collaboration and support in how and where they work
- Continue to enhance our workplace programs for the mental health and well-being of all Bell team members, by continuing to evolve existing mental health programs and focus on prevention and protective psychological workplace factors to proactively improve mental health
- Continue to implement our action plan to address climate change
- In January 2023, we were ranked 42nd overall in the Corporate Knights Global 100 2023 ranking of the most sustainable corporations in the world, in recognition of Bell's commitment to the highest ESG standards
- Continue moving forward with ESG initiatives and Bell for Better commitments

(1) Platinum Parity Certification is the highest certification level awarded by Women in Governance, a Canadian certification program that evaluates over 75 quantitative and qualitative criteria taking into account the multiple impacts of diversity in women's career advancement.

(2) The annual Corporate Knights ranking evaluated 332 of the largest Canadian companies on a set of 24 ESG indicators to single out the Best 50 that Corporate Knights considers "the vanguard of corporate sustainability leadership in Canada."

(3) Bell was named the inaugural Clean50 GHG Reductions Champion for 2023, in recognition of Bell's performance between 2019 and 2022 in reducing our GHG intensity (CO<sub>2</sub>e per petabyte). Canada's Clean50 is primarily managed by Delta Management Group, a Canadian sustainability, ESG and cleantech focused search firm, and annually recognizes individuals, small teams and business for their contributions to sustainability in Canada.



### 3 Performance targets, outlook, assumptions and risks

This section provides information pertaining to our performance against 2022 targets, our consolidated business outlook and operating assumptions for 2023 and our principal business risks.

#### 3.1 BCE 2022 performance vs. guidance targets

Financial measure	2022 target	2022 performance and results	
Revenue growth	1%–5%	3.1%	BCE revenues grew by 3.1% in 2022, compared to 2021, driven by higher service revenue of 3.0%, and higher product revenue of 3.8%, reflecting growth from our Bell Wireless and Bell Media segments, partly offset by a modest decline in our Bell Wireline segment.
Adjusted EBITDA growth	2%–5%	3.1%	BCE adjusted EBITDA grew by 3.1% in 2022, compared to 2021, driven by increases in our Bell Wireless and Bell Media segments, whereas our Bell Wireline segment remained stable year over year. The growth reflected greater revenues, partly offset by higher operating expenses.
Net earnings growth	Not applicable	1.2%	In 2022, net earnings increased by 1.2%, compared to 2021, due to higher adjusted EBITDA, lower severance, acquisition and other costs, lower income taxes and a higher net return on post-employment benefit plans, partly offset by higher other expense mainly due to net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, higher depreciation and amortization, higher impairment of assets, and higher interest expense.
Capital intensity <sup>(1)</sup>	21%	21.2%	2022 capital expenditures of \$5,133 million increased by 5.8% over last year, with a corresponding capital intensity ratio of 21.2%, up 0.5 pts over 2021, reflecting the accelerated buildout of our wireline FTTP and wireless 5G networks.
Net earnings per share (EPS) growth	Not applicable	(0.3%)	Net earnings attributable to common shareholders in 2022 increased by \$7 million, compared to 2021, due to higher adjusted EBITDA, lower severance, acquisition and other costs, lower income taxes and a higher net return on post-employment benefit plans, partly offset by higher other expense mainly due to net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, higher depreciation and amortization, higher impairment of assets, and higher interest expense. Despite increased net earnings attributable to common shareholders, EPS in 2022 decreased by \$0.01, compared to 2021, due to a higher average number of common shares outstanding.
Adjusted net earnings per share (adjusted EPS) <sup>(2)</sup> growth	2%–7%	5.0%	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 2022 was \$3,057 million, or \$3.35 per common share, compared to \$2,895 million, or \$3.19 per common share, in 2021.
Cash flows from operating activities growth	Not applicable	4.5%	In 2022, BCE's cash flows from operating activities of \$8,365 million increased by \$357 million, compared to 2021, mainly due to higher adjusted EBITDA, lower income taxes paid, lower contributions to post-employment benefit plans due to a partial contribution holiday in 2022, and lower severance and other costs paid, partly offset by lower cash from working capital and higher interest paid.
Free cash flow growth	2%–10%	2.9%	Free cash flow of \$3,067 million in 2022 increased by \$87 million, compared to 2021, mainly due to higher cash flows from operating activities, excluding cash from acquisition and other costs paid, partly offset by higher capital expenditures.
Annualized dividend per common share	\$3.68 per share	\$3.68 per share	Annualized dividend per BCE common share for 2022 increased by 18 cents, or 5.1%, to \$3.68 compared to \$3.50 per share in 2021.

(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 and expected contribution levels to our pension plans in 2023, our planned capital expenditures and network deployment plans, our 2023 annualized common share dividend, 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.

### 2023 outlook

BCE's 2023 outlook builds on the solid financial performance, accelerated broadband investments and operating momentum we delivered in 2022. Our projected operating success is anchored to our strategic framework to build, execute and transform, which centers on:

- Maintaining generational investments in our networks to support the buildout of our fibre, 5G and 5G+ network infrastructure
- Leveraging our fibre-related speed advantage and product leadership in the home to capture a high share of Internet and TV net additions
- Driving greater cross-sell penetration of Internet households with wireless
- Maintaining momentum on our higher-value mobile phone and 5G strategy
- Capitalizing on higher immigration levels
- Maintaining momentum in our Business-to-Business (B2B) sector
- Continuing to drive our digital-first media strategy

### 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 1.0% in 2023, down from 3.6% in 2022
- Easing, but still elevated, consumer price index (CPI) inflation due to lower energy prices, improvements in global supply chains and the effects of higher interest rates moving through the economy
- Tight labour market
- Slow growth in household spending as higher interest rates weigh on disposable income
- Slow growth in business investment due to slowing demand, elevated borrowing costs and increased uncertainty about future economic conditions
- Prevailing high interest rates expected to remain at or near current levels
- Higher 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.

- Continuing to digitize the customer experience to scale online sales capabilities, automation and enhanced self-serve functionality
- Maintaining a sharp focus on our cost structure

Underpinning our outlook for 2023 is a favourable financial profile that reflects our sound operating fundamentals and consistent execution in a competitive marketplace. Wireless, retail Internet and TV subscriber base growth, together with promotional offer discipline and the flow-through of operating cost savings from fibre-related operating efficiencies and our digital transformation, are projected to drive year-over-year growth in revenue and adjusted EBITDA. This, together with lower planned capital expenditures and an expected reduction in contributions to our pension plans, is expected to drive higher free cash flow.

Our projected financial performance for 2023 enabled us to increase the annualized BCE common share dividend for 2023 by 19 cents, or 5.2%, to \$3.87 per share.

#### 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 advertising market is adversely impacted due to economic uncertainty resulting from inflationary cost pressures, increasing risk of recession and ongoing supply chain challenges with improvement expected in the second half of 2023
- 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 reductions in contributions to our pension plans

- At the relevant time, our 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 unforeseen 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, COVID-19 pandemic and geopolitical events

Our business and financial results could be negatively affected by adverse economic conditions, including a potential recession as well as conditions associated with the COVID-19 pandemic and geopolitical events. The current global economic uncertainty could further exacerbate pre-existing risk factors, including those described in this MD&A, in light of elevated CPI inflation driven by sharp increases in prices for products and services as well as strong demand for goods, a tight labour market leading to sustained high wage growth, higher interest rates, 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.

In addition, while most of the restrictions adopted by governments and businesses to combat the COVID-19 pandemic were lifted during 2022, the COVID-19 pandemic still raises uncertainties. Resurgences in new COVID-19 cases and the emergence and progression of new variants could cause governments to reintroduce restrictive measures including, depending on a resurgence's intensity, certain or all of the strict confinement measures and business closures previously mandated

or, potentially, additional measures. The reintroduction of restrictive measures could result in economic disruption, reduced immigration levels, financial market volatility and financial hardship adversely affecting spending by our customers.

While the unfavourable effects of the COVID-19 pandemic on our financial and operating performance moderated in 2022, it is difficult to estimate the impacts that the COVID-19 pandemic could have in the future on our business or financial results and related assumptions due to uncertainties relating to the severity and duration of the COVID-19 pandemic and possible further resurgences in the number of COVID-19 cases, including as a result of the potential emergence of other variants, and various potential outcomes. Our business and financial results could again, in future periods, become more significantly and negatively impacted by the COVID-19 pandemic, including, among others, as a result of associated global supply chain challenges adversely affecting our wireless and wireline product revenues. While we have implemented business continuity plans and taken additional steps where required, including various preventive measures and precautions, there can be no assurance that these actions in response to the COVID-19 pandemic will succeed in preventing or mitigating, in whole or in part, the negative impacts of the pandemic on our company, employees or customers, and these actions may have adverse effects on our business, which may continue following the COVID-19 pandemic.

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, increased 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 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 Canadian Radio-television and Telecommunications Commission (CRTC), Innovation, Science and Economic Development Canada (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



Our environment



Our people



Our financial resources

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 applicable segment discussions under *Principal business risks* in section 5, *Business segment analysis*.

**Changes in applicable laws, the 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 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 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 2022 Annual Information Form.

## Competitive environment



**Competitive activity in our industry, including from technological substitution and the expansion of alternative service providers, is intense and contributes to disruptions in each of our business segments**

As the scope of our businesses increases and evolving technologies drive new services, delivery models and strategic partnerships, our competitive landscape intensifies and expands 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, voice over IP (VoIP) providers and other web-based players that are penetrating the telecommunications 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 during the COVID-19 pandemic. 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. 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 reserving spectrum at favourable pricing for regional facilities-based wireless service providers distort market dynamics. Together, 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, some competitors 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.

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), is expected to accelerate growth opportunities as well as competition in these areas. In addition, new technologies create a potential for diversifying our product and service offerings and create growth opportunities. 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, some of which have intensified during the COVID-19 pandemic, 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, increasing interest rates and 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
- The COVID-19 pandemic and the restrictive measures mandated or recommended to contain the spread of the coronavirus have changed consumer behaviour and activity and the way businesses operate, and such changes could continue or further evolve, which could adversely affect the sale of our products and services, as well as our revenues and cash flows
- The shift to online transactions during the COVID-19 pandemic amid store closures and reduced store traffic could continue, thereby adversely impacting our ability to leverage our extensive retail network to increase the number of subscribers and sell our products and services

### 3 MD&A Performance targets, outlook, assumptions and risks

- Changes in customer behaviour adopted during the COVID-19 pandemic could result in continued suppression by customers of mobile phone data and offloading onto Wi-Fi networks as customers work from home, as well as influence customer adoption of new services including, without limitation, 5G and IoT
- 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 proposed combination of Rogers Communications Inc. (Rogers) and Shaw Communications Inc. (Shaw) could create a Canadian competitor with larger scale, and the proposed sale of Freedom Mobile to Québecor Inc. could change competitive dynamics in several provinces, all of which could have adverse implications for each of our business segments
- 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, which trends are expected to increase with the continued adoption of 5G and 5G+
- 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, 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 timely rollout of 5G and 5G+ mobile services may be adversely impacted by government decisions, constraints on access to 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
- Spending rationalization by business customers could lead to further reductions in sales of traditional connectivity, value-added services and margin erosion, driven by technology substitution, economic factors and customers' operational efficiencies
- Multinational business consumers' desire to consolidate global network service supply with one supplier could accelerate the disruptions in our Bell CTS segment
- 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
- 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 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
- While most COVID-19 restrictive measures were lifted during 2022, the ongoing resultant changes in customer behaviour could further negatively affect Bell Media's revenues. In addition, the reintroduction of some or all of these measures could adversely affect Bell Media's revenues in future periods.
- 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
- 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, which has been exacerbated since the beginning of the COVID-19 pandemic due to a decline in radio audience driven by reduced travel needs and altered daily routines
- 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 Inc. (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*.

## 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 also 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 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.

The COVID-19 pandemic and recent geopolitical events have further increased our exposure to information security threats. Initially adopted in the context of the COVID-19 pandemic, 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 proprietary or sensitive information about our business, which could result in diminished competitive advantages 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
- Lost revenue resulting from the unauthorized use of proprietary information or the failure to retain or attract customers after an incident
- 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.

### 3 MD&A Performance targets, outlook, assumptions and risks

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 effective data governance 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 effective data governance 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.

## 4 Consolidated financial analysis



This section provides detailed information and analysis about BCE's performance in 2022 compared with 2021. It focuses on BCE's consolidated operating results and provides financial information for our Bell Wireless, Bell Wireline 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

	2022	2021	\$ change	% change
Operating revenues				
Service	20,956	20,350	606	3.0%
Product	3,218	3,099	119	3.8%
Total operating revenues	24,174	23,449	725	3.1%
Operating costs	(13,975)	(13,556)	(419)	(3.1%)
Adjusted EBITDA	10,199	9,893	306	3.1%
Adjusted EBITDA margin	42.2%	42.2%		–
Severance, acquisition and other costs	(94)	(209)	115	55.0%
Depreciation	(3,660)	(3,627)	(33)	(0.9%)
Amortization	(1,063)	(982)	(81)	(8.2%)
Finance costs				
Interest expense	(1,146)	(1,082)	(64)	(5.9%)
Net return (interest) on post-employment benefit plans	51	(20)	71	n.m.
Impairment of assets	(279)	(197)	(82)	(41.6%)
Other (expense) income	(115)	160	(275)	n.m.
Income taxes	(967)	(1,044)	77	7.4%
<b>Net earnings</b>	<b>2,926</b>	<b>2,892</b>	<b>34</b>	<b>1.2%</b>
Net earnings attributable to:				
Common shareholders	2,716	2,709	7	0.3%
Preferred shareholders	152	131	21	16.0%
Non-controlling interest	58	52	6	11.5%
<b>Net earnings</b>	<b>2,926</b>	<b>2,892</b>	<b>34</b>	<b>1.2%</b>
<b>Adjusted net earnings</b>	<b>3,057</b>	<b>2,895</b>	<b>162</b>	<b>5.6%</b>
<b>Net earnings per common share (EPS)</b>	<b>2.98</b>	<b>2.99</b>	<b>(0.01)</b>	<b>(0.3%)</b>
<b>Adjusted EPS</b>	<b>3.35</b>	<b>3.19</b>	<b>0.16</b>	<b>5.0%</b>

n.m.: not meaningful



## BCE statements of cash flows – selected information

	2022	2021	\$ change	% change
Cash flows from operating activities	<b>8,365</b>	8,008	357	4.5%
Capital expenditures	<b>(5,133)</b>	(4,852)	(281)	(5.8%)
Free cash flow	<b>3,067</b>	2,980	87	2.9%

BCE operating revenues grew by 3.1% in 2022, compared to last year, resulting from higher year-over-year service revenues of 3.0%, mainly driven by wireless, Internet, and media growth, moderated by ongoing erosion in voice and satellite TV revenues and lower business solutions services revenue. Product revenues also contributed to the increase in operating revenues, reflecting a 3.8% year-over-year increase, primarily due to higher wireless product sales.

In 2022, net earnings increased by 1.2%, compared to 2021, due to higher adjusted EBITDA, lower severance, acquisition and other costs, lower income taxes and a higher net return on post-employment benefit plans, partly offset by higher other expense mainly due to net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, higher depreciation and amortization, higher impairment of assets, and higher interest expense.

BCE's adjusted EBITDA increased by 3.1% in 2022, over last year, driven by growth from our Bell Wireless and Bell Media segments, whereas our Bell Wireline segment remained stable year over year. The higher operating costs, including greater media programming expenses, inflationary cost pressures and storm recovery costs, were more than offset by increased operating revenues. This drove a corresponding adjusted EBITDA margin of 42.2% in 2022, which remained unchanged from last year.

In 2022, BCE's cash flows from operating activities increased by \$357 million, compared to 2021, mainly due to higher adjusted EBITDA, lower income taxes paid, lower contributions to post-employment benefit plans due to a partial contribution holiday in 2022, and lower severance and other costs paid, partly offset by lower cash from working capital and higher interest paid.

Free cash flow increased by \$87 million in 2022, compared to 2021, mainly due to higher cash flows from operating activities, excluding cash from acquisition and other costs paid, partly offset by higher capital expenditures.

## 4.2 Customer connections



Our customers  
and relationships

### BCE net activations (losses)

	2022	2021	% change
Wireless mobile phone net subscriber activations (losses)	<b>489,901</b>	294,842	66.2%
<i>Postpaid</i>	<b>439,842</b>	301,706	45.8%
<i>Prepaid</i>	<b>50,059</b>	(6,864)	n.m.
Wireless mobile connected device net subscriber activations	<b>202,024</b>	193,641	4.3%
Wireline retail high-speed Internet net subscriber activations	<b>201,762</b>	152,285	32.5%
Wireline retail TV net subscriber activations (losses)	<b>5,148</b>	2,530	n.m.
<i>IPTV</i>	<b>94,400</b>	76,068	24.1%
<i>Satellite</i>	<b>(89,252)</b>	(73,538)	(21.4%)
Wireline retail residential NAS lines net losses	<b>(175,788)</b>	(185,327)	5.1%
<b>Total services net activations</b>	<b>723,047</b>	457,971	57.9%

n.m.: not meaningful

## Total BCE customer connections

	2022	2021	% change
Wireless mobile phone subscribers	<b>9,949,086</b>	9,459,185	5.2%
<i>Postpaid</i>	<b>9,069,887</b>	8,630,045	5.1%
<i>Prepaid</i>	<b>879,199</b>	829,140	6.0%
Wireless mobile connected device subscribers	<b>2,451,818</b>	2,249,794	9.0%
Wireline retail high-speed Internet subscribers <sup>(1) (2)</sup>	<b>4,258,570</b>	3,861,653	10.3%
Wireline retail TV subscribers <sup>(1) (2)</sup>	<b>2,751,498</b>	2,735,010	0.6%
<i>IPTV <sup>(1) (2)</sup></i>	<b>1,988,181</b>	1,882,441	5.6%
<i>Satellite</i>	<b>763,317</b>	852,569	(10.5%)
Wireline retail residential NAS lines <sup>(1) (2)</sup>	<b>2,190,771</b>	2,298,605	(4.7%)
<b>Total services subscribers</b>	<b>21,601,743</b>	20,604,247	4.8%

(1) In Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 67,090, 9,025 and 3,456 subscribers, respectively.

(2) 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.

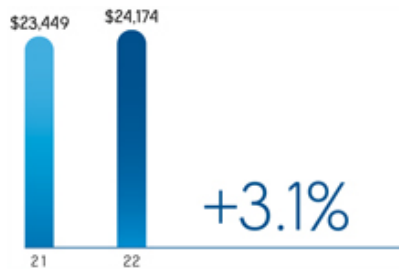
BCE added 723,047 net retail subscriber activations in 2022, up 57.9% compared to last year. The net retail subscriber activations in 2022 consisted of:

- 489,901 wireless mobile phone net subscriber activations, along with 202,024 wireless mobile connected device net subscriber activations
- 201,762 retail high-speed Internet net subscriber activations
- 5,148 retail TV net subscriber activations comprised of 94,400 retail IPTV net subscriber activations, partly offset by 89,252 retail satellite TV net subscriber losses
- 175,788 retail residential NAS lines net losses

At December 31, 2022, BCE's retail subscriber connections totaled 21,601,743, up 4.8% year over year, and consisted of:

- 9,949,086 wireless mobile phone subscribers, up 5.2% year over year, and 2,451,818 wireless mobile connected device subscribers, up 9.0% year over year
- 4,258,570 retail high-speed Internet subscribers, 10.3% higher year over year
- 2,751,498 total retail TV subscribers, up 0.6% over the same period last year, comprised of 1,988,181 retail IPTV subscribers, up 5.6% year over year, and 763,317 retail satellite TV subscribers, down 10.5% year over year
- 2,190,771 retail residential NAS lines, down 4.7% year over year

## 4.3 Operating revenues

BCE  
Revenues  
(in \$ millions)

	2022	2021	\$ change	% change
Bell Wireless	<b>9,588</b>	8,999	589	6.5%
Bell Wireline	<b>12,148</b>	12,178	(30)	(0.2%)
Bell Media	<b>3,254</b>	3,036	218	7.2%
Inter-segment eliminations	<b>(816)</b>	(764)	(52)	(6.8%)
<b>Total BCE operating revenues</b>	<b>24,174</b>	23,449	725	3.1%

## BCE

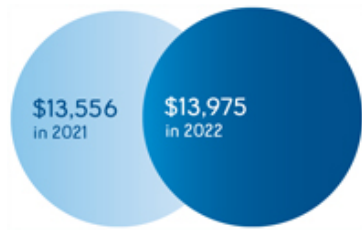
Total BCE operating revenues increased by 3.1% in 2022, compared to last year, comprised of service revenues of \$20,956 million, up 3.0% and product revenues of \$3,218 million, up 3.8% over 2021.

The higher year-over-year operating revenue was driven by growth in our Bell Wireless and Bell Media segments, partly offset by a modest decline in our Bell Wireline segment. Bell Wireless operating revenues increased by 6.5% in 2022, due to higher service revenues of 7.3%,

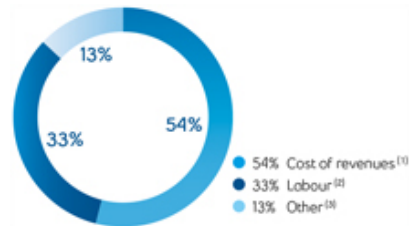
combined with greater product revenues of 4.8%. Bell Media operating revenues grew by 7.2% year over year, attributable to higher subscriber and advertising revenues, along with revenues from the return of the F1 Canadian Grand Prix in 2022. Bell Wireline operating revenues declined by 0.2%, compared to 2021, driven by lower service revenues of 0.2% resulting from ongoing voice revenues erosion, partly offset by growth in data and other services revenue.

## 4.4 Operating costs

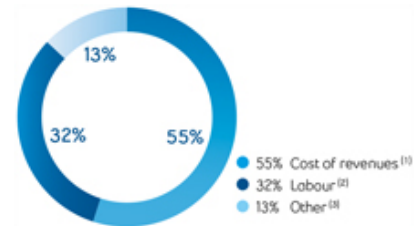
**BCE**  
**Operating costs**  
(in \$ millions)



**BCE**  
**Operating cost profile**  
2021



**BCE**  
**Operating cost profile**  
2022



	2022	2021	\$ change	% change
Bell Wireless	(5,451)	(5,146)	(305)	(5.9%)
Bell Wireline	(6,831)	(6,863)	32	0.5%
Bell Media	(2,509)	(2,311)	(198)	(8.6%)
Inter-segment eliminations	816	764	52	6.8%
<b>Total BCE operating costs</b>	<b>(13,975)</b>	<b>(13,556)</b>	<b>(419)</b>	<b>(3.1%)</b>

(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.

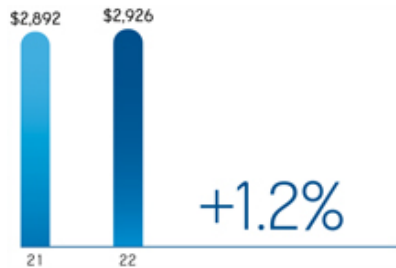
(3) Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, IT costs, professional service fees and rent.

### BCE

BCE operating costs increased by 3.1% in 2022, compared to 2021, resulting from higher expenses in Bell Wireless of 5.9% and Bell Media of 8.6%, partly offset by lower expenses in Bell Wireline of 0.5%. The increase in expenses reflected higher wireless cost of goods sold from increased product sales, greater media programming and production costs, inflationary cost pressures and storm-related expenses.

## 4.5 Net earnings

**BCE**  
**Net earnings**  
(in \$ millions)

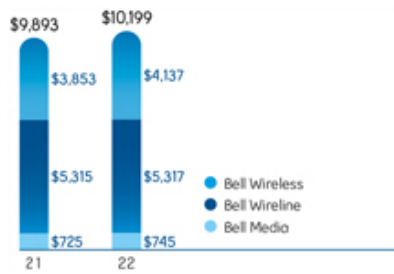


In 2022, net earnings increased by 1.2%, compared to 2021, due to higher adjusted EBITDA, lower severance, acquisition and other costs, lower income taxes and a higher net return on post-employment benefit plans, partly offset by higher other expense mainly due to net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, higher depreciation and amortization, higher impairment of assets, and higher interest expense.

## 4.6 Adjusted EBITDA

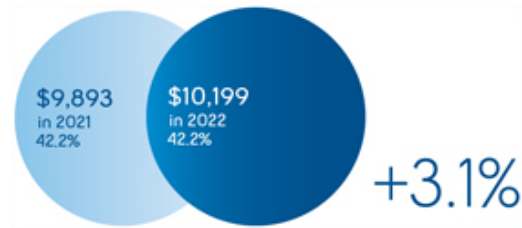
### BCE

#### Adjusted EBITDA (in \$ millions)



### BCE

#### Adjusted EBITDA (in \$ millions) (% adjusted EBITDA margin)



	2022	2021	\$ change	% change
Bell Wireless	4,137	3,853	284	7.4%
Bell Wireline	5,317	5,315	2	–
Bell Media	745	725	20	2.8%
<b>Total BCE adjusted EBITDA</b>	<b>10,199</b>	<b>9,893</b>	<b>306</b>	<b>3.1%</b>

### BCE

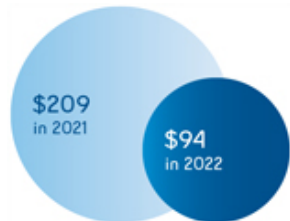
BCE's adjusted EBITDA increased by 3.1% in 2022, compared to 2021, driven by growth from Bell Wireless and Bell Media, whereas Bell Wireline adjusted EBITDA remained stable year over year. The growth in BCE's adjusted EBITDA reflected higher operating revenues, moderated by greater operating costs. Adjusted EBITDA margin of 42.2% remained unchanged from last year.

## 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)



### 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

### 2021

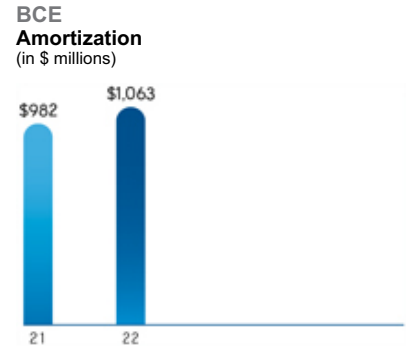
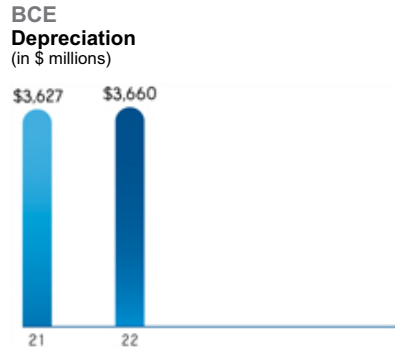
Severance, acquisition and other costs included:

- Severance costs of \$171 million related to involuntary and voluntary employee terminations
- Acquisition and other costs of \$38 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



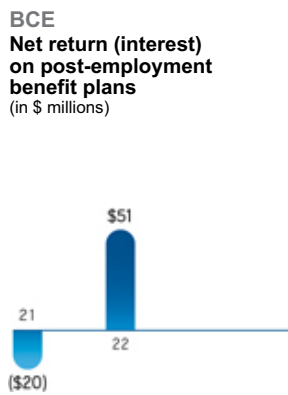
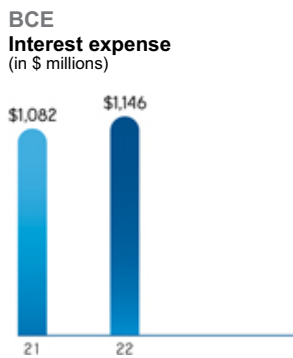
### Depreciation

Depreciation in 2022 increased by \$33 million, compared to 2021, mainly due to a higher asset base as we continued to invest in our broadband and wireless networks as well as our IPTV services, partly offset by lower accelerated depreciation of 4G network elements as we transition to 5G.

### Amortization

Amortization in 2022 increased by \$81 million, compared to 2021, mainly due to a higher asset base.

## 4.9 Finance costs



### Interest expense

Interest expense in 2022 increased by \$64 million, compared to 2021, mainly due to higher average debt balances and higher average interest rates, partly offset by higher capitalized interest.

### Net return (interest) on post-employment benefit plans

Net return (interest) 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, 2022, the discount rate was 3.2% compared to 2.6% on January 1, 2021.

In 2022, net return on post-employment benefit plans increased by \$71 million, compared to last year, as a result of a net asset position in our post-employment benefit plans at the beginning of 2022 compared to a net obligation position at the beginning of 2021, and a higher discount rate in 2022.

The impacts of changes in market conditions during the year are recognized in other comprehensive income (OCI).

## 4.10 Impairment of assets

### 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 global 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.

### 2021

During the second quarter of 2021, we identified indicators of impairment for our Bell Media radio markets, notably a decline in advertising revenue and an increase in the discount rate resulting from the impact of the COVID-19 pandemic. Accordingly, impairment testing was required for our group of radio cash generating units (CGUs).

During Q2 2021, we recognized \$163 million of impairment charges for various radio markets within our Bell Media segment. These charges included \$150 million allocated to indefinite-life intangible assets for broadcast licences, and \$13 million to property, plant and equipment mainly for buildings and network infrastructure and equipment.

There was no impairment of Bell Media goodwill.

**BCE**  
**Impairment of assets**  
(in \$ millions)

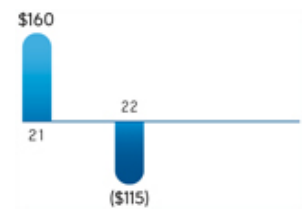


## 4.11 Other (expense) income

*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

**BCE**  
**Other (expense) income**  
(in \$ millions)



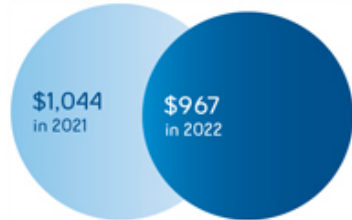
For the year ended December 31	2022	2021
Net mark-to-market (losses) gains on derivatives used to economically hedge equity settled share-based compensation plans	(53)	278
Equity losses from investments in associates and joint ventures		
Loss on investment	(42)	(49)
Operations	(19)	(46)
Losses on retirements and disposals of property, plant and equipment and intangible assets	(27)	(24)
Gains (losses) on investments	24	(6)
Early debt redemption costs	(18)	(53)
Other	20	60
<b>Total other (expense) income</b>	<b>(115)</b>	<b>160</b>

**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).

**2021**

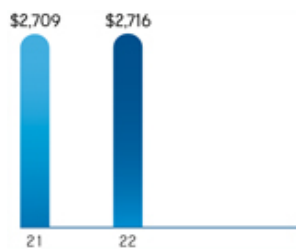
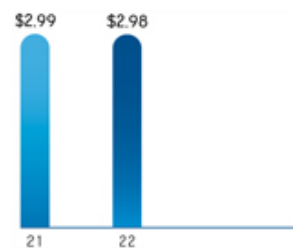
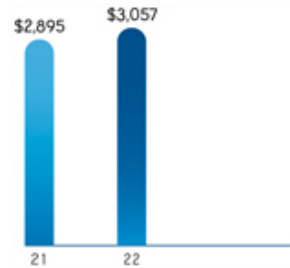
Other income of \$160 million included net mark-to-market gains on derivatives used to economically hedge equity settled share-based compensation plans, partly offset by early debt redemption costs, losses on our equity investments which included a loss on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures and losses on operations from our equity investments.

**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 2022 and 2021.

For the year ended December 31	2022	2021
Net earnings	2,926	2,892
Add back income taxes	967	1,044
Earnings before income taxes	3,893	3,936
Applicable statutory tax rate	26.8%	26.8%
Income taxes computed at applicable statutory rates	(1,043)	(1,055)
Non-taxable portion of gains (losses) on investments	4	(1)
Uncertain tax positions	91	16
Change in estimate relating to prior periods	–	2
Non-taxable portion of equity losses	(18)	(26)
Previously unrecognized tax benefits	–	15
Other	(1)	5
<b>Total income taxes</b>	<b>(967)</b>	<b>(1,044)</b>
<b>Average effective tax rate</b>	<b>24.8%</b>	<b>26.5%</b>

Income taxes in 2022 decreased by \$77 million, compared to 2021, mainly due to a higher value of uncertain tax positions favourably resolved in 2022 compared to 2021 and 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 \$)

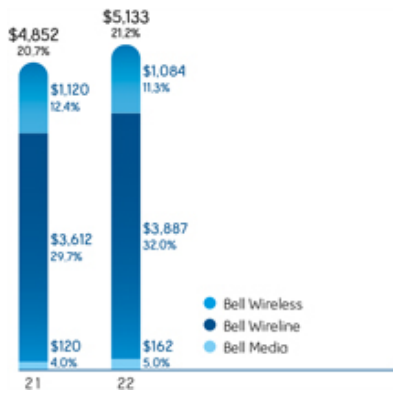
Net earnings attributable to common shareholders in 2022 increased by \$7 million, compared to 2021, due to higher adjusted EBITDA, lower severance, acquisition and other costs, lower income taxes and a higher net return on post-employment benefit plans, partly offset by higher other expense mainly due to net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans, higher depreciation and amortization, higher impairment of assets, and higher interest expense. Despite increased net earnings attributable to common shareholders, EPS in 2022 decreased by \$0.01, compared to 2021, due to a higher average number of common shares outstanding.

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 2022 was \$3,057 million, or \$3.35 per common share, compared to \$2,895 million, or \$3.19 per common share, in 2021.

## 4.14 Capital expenditures



**BCE**  
**Capital expenditures**  
 (in \$ millions)  
**Capital intensity**  
 (%)



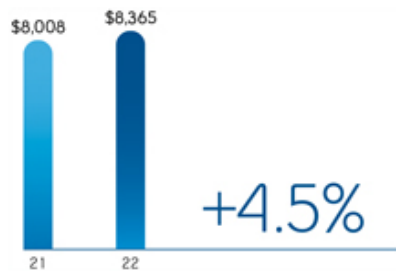
**BCE capital expenditures** of \$5,133 million in 2022 increased by 5.8% over last year, with a corresponding capital intensity ratio of 21.2%, up 0.5 pts over 2021. Our capital spending reflected the accelerated buildout of our wireline FTTP and wireless 5G networks.

## 4.15 Cash flows

In 2022, BCE's cash flows from operating activities increased by \$357 million, compared to 2021, mainly due to higher adjusted EBITDA, lower income taxes paid, lower contributions to post-employment benefit plans due to a partial contribution holiday in 2022, and lower severance and other costs paid, partly offset by lower cash from working capital and higher interest paid.

Free cash flow increased by \$87 million in 2022, compared to 2021, mainly due to higher cash flows from operating activities, excluding cash from acquisition and other costs paid, partly offset by higher capital expenditures.

**BCE**  
**Cash flows from operating activities**  
 (in \$ millions)



**BCE**  
**Free cash flow**  
 (in \$ millions)





## 5 Business segment analysis



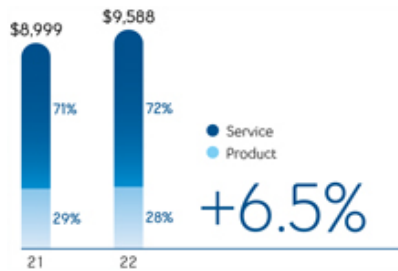
### 5.1 Bell Wireless

In 2022, we delivered industry-leading wireless financial results reflecting our focus on profitable growth and customer base management, as we welcomed 489,901 total net new postpaid and prepaid mobile phone subscribers, up 66.2% compared to 2021.

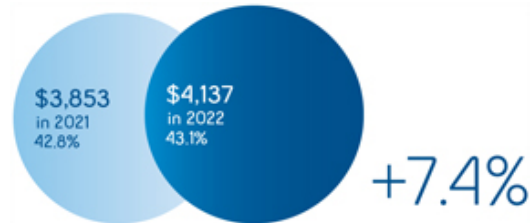
#### Financial performance analysis

##### 2022 performance highlights

**Bell Wireless Revenues**  
(in \$ millions)



**Bell Wireless Adjusted EBITDA**  
(in \$ millions)  
(% adjusted EBITDA margin)



Total mobile phone subscriber growth

**+5.2%**

in 2022

Mobile phone postpaid net subscriber activations in 2022

**439,842**

Increased 45.8% vs. 2021

Mobile phone prepaid net subscriber activations in 2022

**50,059**

Increased by 56,923 net activations vs. 2021

Mobile phone postpaid churn in 2022

**0.92%**

Decreased 0.01 pts vs. 2021

Mobile phone blended average revenue per user (ARPU) <sup>(1)</sup> per month

**+2.8%**

2022: \$59.30  
2021: \$57.66

(1) Mobile phone blended ARPU is calculated by dividing wireless operating service revenues by the average mobile phone subscriber base for the specified period and is expressed as a dollar unit per month.

## Bell Wireless results

### Revenues

	2022	2021	\$ change	% change
External service revenues	6,821	6,355	466	7.3%
Inter-segment service revenues	44	45	(1)	(2.2%)
<b>Operating service revenues</b>	<b>6,865</b>	<b>6,400</b>	<b>465</b>	<b>7.3%</b>
External product revenues	2,714	2,593	121	4.7%
Inter-segment product revenues	9	6	3	50.0%
<b>Operating product revenues</b>	<b>2,723</b>	<b>2,599</b>	<b>124</b>	<b>4.8%</b>
<b>Bell Wireless operating revenues</b>	<b>9,588</b>	<b>8,999</b>	<b>589</b>	<b>6.5%</b>

**Bell Wireless operating revenues** increased by 6.5% in 2022, compared to last year, due to both higher service and product revenues.

**Service revenues** increased by 7.3% in 2022, compared to 2021, driven by:

- Continued growth in our mobile phone and connected device subscriber bases
- Higher roaming revenues due to increased international travel resulting from the easing of COVID-19 global travel restrictions
- Flow-through of rate increases

These factors were partly offset by:

- Lower data overages driven by greater customer adoption of monthly plans with higher data thresholds, including unlimited plans

**Product revenues** increased by 4.8% in 2022, compared to last year, due to a greater sales mix of premium mobile phones, partly offset by lower volumes.

### Operating costs and adjusted EBITDA

	2022	2021	\$ change	% change
Operating costs	(5,451)	(5,146)	(305)	(5.9%)
<b>Adjusted EBITDA</b>	<b>4,137</b>	<b>3,853</b>	<b>284</b>	<b>7.4%</b>
<b>Adjusted EBITDA margin</b>	<b>43.1%</b>	<b>42.8%</b>		<b>0.3 pts</b>

**Bell Wireless operating costs** increased by 5.9% in 2022, compared to last year, driven by:

- Greater cost of goods sold as a result of the higher product revenues
- Higher network operating costs from the continued deployment of our mobile 5G network
- Greater payments to other carriers corresponding to the higher roaming revenues

**Bell Wireless adjusted EBITDA** increased by 7.4% in 2022, compared to 2021, due to greater operating revenues, moderated by higher operating costs. Adjusted EBITDA margin of 43.1% in 2022 increased by 0.3 pts over last year, primarily driven by the flow-through of service revenue growth.

### Bell Wireless operating metrics

	2022	2021	Change	% change
<b>Mobile phones</b>				
Blended ARPU (\$/month)	59.30	57.66	1.64	2.8%
Gross subscriber activations	1,953,912	1,653,771	300,141	18.1%
<i>Postpaid</i>	1,355,772	1,201,659	154,113	12.8%
<i>Prepaid</i>	598,140	452,112	146,028	32.3%
Net subscriber activations (losses)	489,901	294,842	195,059	66.2%
<i>Postpaid</i>	439,842	301,706	138,136	45.8%
<i>Prepaid</i>	50,059	(6,864)	56,923	n.m.
Blended churn % (average per month)	1.27%	1.23%		(0.04) pts
<i>Postpaid</i>	0.92%	0.93%		0.01 pts
<i>Prepaid</i>	4.85%	4.31%		(0.54) pts
Subscribers	9,949,086	9,459,185	489,901	5.2%
<i>Postpaid</i>	9,069,887	8,630,045	439,842	5.1%
<i>Prepaid</i>	879,199	829,140	50,059	6.0%
<b>Mobile connected devices</b>				
Net subscriber activations	202,024	193,641	8,383	4.3%
Subscribers	2,451,818	2,249,794	202,024	9.0%

n.m.: not meaningful

## 5 MD&A Business segment analysis Bell Wireless

**Mobile phone blended ARPU** of \$59.30 in 2022 increased by 2.8%, compared to last year, reflecting our continued focus on high-quality subscriber growth. The year-over-year increase was driven by:

- Higher roaming revenues due to increased international travel resulting from the easing of COVID-19 global travel restrictions
- Flow-through of rate increases

These factors were partly offset by:

- Decreased data overages driven by greater customer adoption of monthly plans with higher data thresholds, including unlimited plans

**Mobile phone gross subscriber activations** grew by 18.1% in 2022, compared to 2021, due to both higher postpaid and prepaid gross subscriber activations.

- **Mobile phone postpaid gross subscriber activations** increased by 12.8% in 2022, compared to last year, driven by higher retail store traffic, increased immigration due to the easing of COVID-19 restrictions, greater business customer demand, continued 5G momentum and successful promotions including an increased focus on bundling wireless services with Internet
- **Mobile phone prepaid gross subscriber activations** increased by 32.3% in 2022, compared to last year, due to greater market activity driven by increased immigration and travel to Canada as a result of the easing of COVID-19 restrictions throughout the year

**Mobile phone net subscriber activations** increased by 66.2% in 2022, compared to 2021, due to both higher postpaid and prepaid net subscriber activations.

• **Mobile phone postpaid net subscriber activations** increased by 45.8% in 2022, compared to last year, driven by greater gross activations, partly offset by higher subscriber deactivations

• **Mobile phone prepaid net subscriber activations** increased by 56,923 in 2022, compared to last year, due to higher gross activations, partly offset by greater subscriber deactivations

**Mobile phone blended churn** of 1.27% in 2022 increased by 0.04 pts, compared to 2021.

• **Mobile phone postpaid churn** of 0.92% in 2022 improved by 0.01 pts, compared to last year, reflecting our continued investment in customer experience, retention and mobile networks

• **Mobile phone prepaid churn** of 4.85% in 2022 increased by 0.54 pts, compared to last year, due to higher year-over-year customer deactivations, as a result of greater market activity and more attractive promotional offers on postpaid discount brands

**Mobile phone subscribers** at December 31, 2022 totaled 9,949,086, an increase of 5.2%, from 9,459,185 subscribers reported at the end of last year. This consisted of 9,069,887 postpaid subscribers, an increase of 5.1% from 8,630,045 subscribers at the end of 2021, and 879,199 prepaid subscribers, an increase of 6.0% from 829,140 subscribers at the end of 2021.

**Mobile connected device net subscriber activations** increased by 4.3% in 2022, compared to last year, due to greater demand for IoT solutions, including connected car subscriptions, offset in part by higher net losses from data devices, primarily fewer tablet activations.

**Mobile connected device subscribers** at December 31, 2022 totaled 2,451,818, an increase of 9.0% from 2,249,794 subscribers reported at the end of 2021.

## 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

The Canadian wireless industry has experienced strong subscriber growth in recent years, supported by immigration and population growth; the trend toward multiple devices; the expanding functionality of data and related applications; and the adoption of mobile devices and services, including connected devices. Various public health measures in place during the COVID-19 pandemic in 2020 and 2021 led to pent-up demand for mobile devices in 2022. The mobile phone penetration rate increased to over 102% in Canada in 2022, with further increases in penetration expected in 2023. By comparison, the mobile phone penetration rate in the U.S. is well over 100%, and even higher in Europe and Asia, suggesting an opportunity for continued growth in Canada.

In 2022, the Canadian wireless market continued to recover from the challenges related to the COVID-19 pandemic. Pandemic impacts, particularly related to roaming, subsided as consumer travel volumes largely returned to pre-pandemic levels. Additionally, with members of the workforce returning to traditional work environments, workers offloading their mobile device traffic onto Wi-Fi moderated, resulting in increased domestic data usage. The Canadian wireless market continued to experience increased levels of competition nationally. This high level of competitive intensity has led to continued declines

in chargeable data usage and larger allotments of data, in addition to other factors, such as the popularity of data sharing plans and an evolving shift in the customer mix towards non-traditional wireless devices and tools such as video chats. These factors, combined with increases in overall data usage, which is expected to grow with the ongoing commercialization of 5G, led to widespread adoption and promotion of unlimited data plans and device financing plans by all national carriers. The build-out of 5G network infrastructure continued in 2022, with 5G coverage of approximately 80% of the Canadian population by the national carriers at the end of 2022, compared to approximately 70% at the end of 2021. For Bell, our accelerated 5G investments are underpinned by our capital expenditure acceleration program, which commenced in 2021 and continued in 2022. Our long-standing commitment to network excellence is reflected in multiple independent third-party awards and recognition received in 2022, including from PCMag for three years in a row.

The Canadian wireless industry continues to be highly competitive and capital-intensive, with carriers continuing to expand and enhance their broadband wireless networks, including the ongoing build-out of 5G, as well as significant investments in spectrum.

## Competitors

- Large facilities-based national wireless service providers Rogers and the Telus Corporation group of companies (Telus)
- Smaller facilities-based wireless service provider Shaw, which currently provides service in Toronto, Calgary, Vancouver, Edmonton and Ottawa, as well as in several communities in southwestern Ontario
- Regional facilities-based wireless service providers Vidéotron Ltée (Vidéotron), which provides service in Montréal and other parts of Québec; Saskatchewan Telecommunications Holding Corporation, which provides service in Saskatchewan; Bragg Communications Inc. (Eastlink), which provides service in the three Maritime provinces

## Industry trends

Wireless growth continues to be driven by increasing data usage and adoption, including: higher-value smartphones, unlimited data offerings, shared family data plans, and growth in IoT devices. In addition, consumers continue to replace wireline access with wireless access and related data services. These trends are expected to continue to drive a 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 growing at a more moderate rate than 2022, compared to periods prior to the COVID-19 pandemic, particularly considering that roaming revenues have returned to pre-pandemic levels.

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. In 2022, the industry,

including Bell, began to operationalize 3500 MHz spectrum acquired in 2021, enabling faster data speeds and increased capacity. We expect the 3800 MHz and millimetre wave (mmWave) spectrum auctions held by ISED to commence in 2023 and 2024, respectively, and these will be important to the expansion of 5G networks. The high capacity and near instant connections offered by mobile 5G and 5G+ will support a virtually unlimited range of new consumer and business applications in coming years, including virtual and augmented reality, AI and machine learning, immersive entertainment services, connected vehicles, smart cities and enhanced rural access, and unprecedented IoT opportunities for business and government enterprises. We expect 5G and 5G+ technology to provide a significant opportunity for future growth in the industry.

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 and other industries are looking to IoT, combined with other applications, to digitally transform themselves and generate value from their connections. IoT represents a meaningful opportunity for growth in wireless products and services, with secure connectivity, customer value, productivity and efficiency. While IoT applications generally have lower ARPU, they tend to generate high service volumes with low or no subsidy costs, thereby supporting both revenue growth and margins. In 2022, we added 202,024 connected devices, bringing our connected device subscriber base to 2,451,818 million, up 9% from 2021.

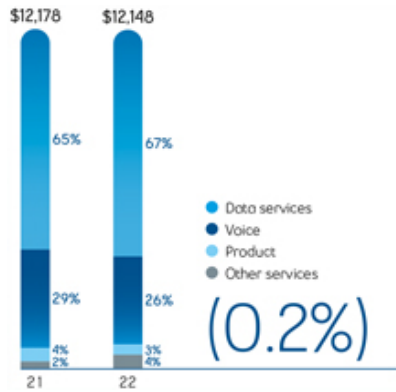
## 5.2 Bell Wireline

We expanded our fibre network to an additional 854,000 locations in 2022, our biggest annual fibre buildout ever, driving our highest retail Internet net activations in 16 years and strong residential Internet revenue growth. These results are a testament to the power of fibre-based Internet service that provides the fastest, dedicated symmetrical speeds that cable technology cannot match.

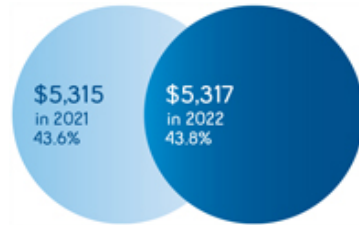
### Financial performance analysis

#### 2022 performance highlights

Bell Wireline  
Revenues  
(in \$ millions)



Bell Wireline  
Adjusted EBITDA  
(in \$ millions)  
(% adjusted EBITDA margin)



Retail high-speed Internet <sup>(1) (2)</sup>  
subscriber growth

**+10.3%**

in 2022

Retail high-speed Internet  
net subscriber activations in 2022

**201,762**

Increased 32.5% vs. 2021

New fibre  
connections

**854,000**

Homes and businesses  
in 2022

Retail TV <sup>(1) (2)</sup>  
subscriber growth

**+0.6%**

in 2022

Retail IPTV  
net subscriber activations in 2022

**94,400**

Increased 24.1% vs. 2021

Retail residential NAS lines <sup>(1) (2)</sup>  
subscriber decline

**(4.7%)**

in 2022

(1) In Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail high-speed Internet, retail IPTV and retail residential NAS lines subscriber bases increased by 67,090, 9,025 and 3,456 subscribers, respectively.

(2) 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 Wireline results

### Revenues

	2022	2021	\$ change	% change
Data	7,920	7,871	49	0.6%
Voice	3,002	3,154	(152)	(4.8%)
Other services	309	289	20	6.9%
<b>External service revenues</b>	<b>11,231</b>	<b>11,314</b>	<b>(83)</b>	<b>(0.7%)</b>
Inter-segment service revenues	412	358	54	15.1%
<b>Operating service revenues</b>	<b>11,643</b>	<b>11,672</b>	<b>(29)</b>	<b>(0.2%)</b>
Data	459	463	(4)	(0.9%)
Equipment and other	45	43	2	4.7%
<b>External product revenues</b>	<b>504</b>	<b>506</b>	<b>(2)</b>	<b>(0.4%)</b>
Inter-segment product revenues	1	–	1	n.m.
<b>Operating product revenues</b>	<b>505</b>	<b>506</b>	<b>(1)</b>	<b>(0.2%)</b>
<b>Bell Wireline operating revenues</b>	<b>12,148</b>	<b>12,178</b>	<b>(30)</b>	<b>(0.2%)</b>

n.m.: not meaningful

**Bell Wireline operating revenues** decreased by 0.2% in 2022, compared to last year, resulting from ongoing voice revenues erosion, partly offset by growth in data and other services revenue.

**Bell Wireline operating service revenues** decreased by 0.2% in 2022, compared to 2021.

- **Data revenues** grew by 0.6% in 2022, compared to the prior year, driven by:
  - Higher retail Internet and IPTV subscriber bases, coupled with the flow-through of residential rate increases
  - The acquisition of EBOX and other related companies in February 2022, along with the acquisition of Distributel in December 2022
  - Q2 2021 unfavourable retroactive impact from the CRTC decision on wholesale high-speed Internet access services of \$44 million, which did not recur this year
  - Greater sales of maintenance contracts for data equipment sold to business customers

These factors were partly offset by:

- Higher acquisition, retention and bundle discounts on residential services
- Continued decline in our satellite TV subscriber base
- Lower business solutions services revenue including the impact of the sale of our wholly-owned subsidiary Createch on March 1, 2022
- Legacy data and IP data services revenue erosion
- **Voice revenues** declined by 4.8% in 2022, compared to last year, resulting from:
  - Continued retail residential NAS line erosion, coupled with business voice erosion, reflecting the impact of technological substitution to wireless and Internet-based services
  - Lower sales of international wholesale long distance minutes

These factors were partly offset by:

- Flow-through of residential rate increases
- **Other services revenues** grew by 6.9% in the year, compared to 2021, mainly from greater data and analytics-related revenues

**Bell Wireline operating product revenues** were essentially stable year over year, decreasing by 0.2%, compared to last year.

### Operating costs and adjusted EBITDA

	2022	2021	\$ change	% change
Operating costs	(6,831)	(6,863)	32	0.5%
<b>Adjusted EBITDA</b>	<b>5,317</b>	<b>5,315</b>	<b>2</b>	<b>–</b>
<b>Adjusted EBITDA margin</b>	<b>43.8%</b>	<b>43.6%</b>		<b>0.2 pts</b>

**Bell Wireline operating costs** decreased by 0.5% in 2022, compared to 2021, due to:

- Reduced TV programming and content costs from TV package mix and lower related revenues
- Lower business solutions services and payments to other carriers costs, associated with the lower corresponding revenues
- Labour savings driven by workforce reductions, employee redeployment costs in 2021 due to the COVID-19 pandemic and lower call volumes to our customer service centres

These factors were partly offset by:

- Inflationary cost pressures primarily impacting labour, fuel, and utilities expenses
- Greater repairs expense related to storm damages, primarily due to Hurricane Fiona
- Higher expenses related to maintenance contract revenue on data equipment sold to business customers

**Bell Wireline adjusted EBITDA** remained essentially unchanged in 2022, compared to last year, as lower operating expenses were offset by lower year-over-year operating revenues. Adjusted EBITDA margin of 43.8% in 2022 increased by 0.2 pts over 2021, driven by the retroactive

impact of the CRTC decision on wholesale high-speed Internet access services in Q2 2021, which did not recur this year, partly offset by inflationary expense pressures and storm-related costs.

## Bell Wireline operating metrics

### Data

#### Retail high-speed Internet

	2022	2021	Change	% change
Retail net subscriber activations	201,762	152,285	49,477	32.5%
Retail subscribers <sup>(1)</sup> <sup>(2)</sup>	4,258,570	3,861,653	396,917	10.3%

(1) In Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail high-speed Internet subscriber base increased by 67,090 subscribers.

(2) In Q4 2022, as a result of the acquisition of Distributel, our retail high-speed Internet subscriber base increased by 128,065 subscribers.

**Retail high-speed Internet net subscriber activations** increased by 32.5% in 2022, compared to last year, driven by strong residential net activations attributable to the ongoing growth in our FTTP footprint, coupled with increased promotional offers including bundled service offerings, partly offset by greater competitive intensity.

**Retail high-speed Internet subscribers** totaled 4,258,570 at December 31, 2022, up 10.3% from 3,861,653 subscribers reported at the end of 2021. Our retail high-speed Internet subscriber base includes an increase of 67,090 subscribers in Q1 2022, as a result of the acquisition of EBOX and other related companies, and of 128,065 subscribers in Q4 2022, attributable to the acquisition of Distributel.

#### Retail TV

	2022	2021	Change	% change
Retail net subscriber activations (losses)	5,148	2,530	2,618	n.m.
IPTV	94,400	76,068	18,332	24.1%
Satellite	(89,252)	(73,538)	(15,714)	(21.4%)
Total retail subscribers <sup>(1)</sup> <sup>(2)</sup>	2,751,498	2,735,010	16,488	0.6%
IPTV <sup>(1)</sup> <sup>(2)</sup>	1,988,181	1,882,441	105,740	5.6%
Satellite	763,317	852,569	(89,252)	(10.5%)

n.m.: not meaningful

(1) In Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail IPTV subscriber base increased by 9,025 subscribers.

(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** grew by 24.1% in 2022, compared to 2021, driven by increased net activations from higher Internet pull-through, greater promotional offers, and also reflected higher demand for our Fibe TV app streaming service, partly offset by greater competitive intensity, and higher substitution with OTT services.

**Retail IPTV subscribers** at December 31, 2022 totaled 1,988,181, up 5.6% from 1,882,441 subscribers reported at the end of 2021. Our retail IPTV subscriber base includes an increase of 9,025 subscribers in Q1 2022, as a result of the acquisition of EBOX and other related companies, and of 2,315 subscribers in Q4 2022, attributable to the acquisition of Distributel.

**Retail satellite TV net subscriber losses** increased by 21.4% in 2022, compared to last year, attributable to aggressive offers from cable competitors, particularly in rural areas.

**Retail satellite TV subscribers** at December 31, 2022 totaled 763,317, down 10.5% from 852,569 subscribers reported at the end of 2021.

**Total retail TV net subscriber activations** (IPTV and satellite TV combined) increased by 2,618 in 2022, compared to 2021, driven by higher IPTV net activations, partly offset by greater satellite TV net losses.

**Total retail TV subscribers** (IPTV and satellite TV combined) at December 31, 2022 were 2,751,498 representing a 0.6% increase from 2,735,010 subscribers at the end of 2021. Our retail IPTV subscriber base includes an increase of 9,025 subscribers in Q1 2022, as a result of the acquisition of EBOX and other related companies, and of 2,315 subscribers in Q4 2022, attributable to the acquisition of Distributel.

## Voice

	2022	2021	Change	% change
Retail residential NAS lines net losses	(175,788)	(185,327)	9,539	5.1%
Retail residential NAS lines <sup>(1)</sup> <sup>(2)</sup>	2,190,771	2,298,605	(107,834)	(4.7%)

(1) In Q1 2022, as a result of the acquisition of EBOX and other related companies, our retail residential NAS lines subscriber base increased by 3,456 subscribers.

(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** improved by 5.1% in 2022, compared to last year, reflecting lower deactivations primarily in the early part of 2022 due to the COVID-19 pandemic, partly offset by reduced activations, attributable to the impact of ongoing substitution to wireless and Internet-based technologies.

**Retail residential NAS lines** at December 31, 2022 of 2,190,771 declined by 4.7% from 2,298,605 lines reported at the end of 2021. Our retail residential NAS lines subscriber base includes an increase of 3,456 subscribers in Q1 2022, as a result of the acquisition of EBOX and other related companies, and of 64,498 subscribers in Q4 2022, attributable to the acquisition of Distributel. The decline in retail residential NAS lines of 4.7% represented an improvement over the 7.5% rate of erosion experienced in 2021, mainly from the impact of the aforementioned acquisitions.

## Competitive landscape and industry trends

This section contains forward-looking statements, including related to our business outlook, anticipated capital expenditures and network deployment plans. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

### Competitive landscape

As with the Canadian wireless industry, wireline markets and operations were affected by the COVID-19 pandemic, particularly during its earlier waves. Physical distancing requirements impacted traditional wireline installations, as installers were restricted from entering customers' premises. Conversely, with large numbers of workers and students working and learning from home, demand for wireline services surged, with network traffic levels reaching historic levels during the pandemic. Although the residential high-speed Internet market is maturing, with a penetration rate of approximately 91% across Canada at the end of 2022, subscriber growth is expected to continue over the coming years. An estimated 7.5 million Internet subscribers received their service over the networks of the four largest cable companies at the end of 2022, up 2% from approximately 7.4 million at the end of 2021. Meanwhile, an estimated 7.2 million Internet subscribers received their service over the networks of incumbent local exchange carriers (ILECs) like Bell at the end of 2022, up 6% from approximately 6.8 million at the end of 2021. 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. Similar to our accelerated 5G investments, our investments to expand our fibre footprint are supported by our capital investment acceleration program, which commenced in 2021 and continued in 2022. While capital expenditures are expected to decrease in 2023, they will remain elevated compared to pre-2020 annual levels as we continue to make generational investments in our networks to support the buildout of our fibre infrastructure. Additionally, we received recognition from PCMag as the top ISP among Canada's major providers for gaming for the second year in a row.

While Canadians still watch traditional TV, digital platforms are playing an increasingly important role in the broadcasting industry and in respect of content. Popular online video services are providing Canadians with more choice about where, when and how to access video content. In 2022, ILECs offering IPTV service grew their subscriber base by an estimated 4% to reach 3.4 million customers, driven by expanded network coverage, enhanced differentiated service and bundled offerings, and marketing and promotions focused on IPTV. Despite this IPTV growth, the combined cable TV and satellite TV subscriber penetration rate was unchanged. Canada's four largest cable companies had an estimated 4.8 million TV subscribers, or a 48% market share, flat compared to the end of 2021. The balance of industry subscribers were served by satellite TV and regional providers.

In recent years, three of the largest Canadian cable TV companies have launched new TV services based on the Comcast X1 video platform, including Shaw, 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.

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 ongoing conversion to IP-based data services and networks by large business customers. Canada's four largest cable companies had approximately 2.8 million telephony subscribers at the end of 2022, representing a national residential market share of approximately 41%, down compared to approximately 42% at the end of 2021. Telecommunications companies had an estimated 3.4 million telephony subscribers at the end of 2022, representing approximately 49% market share, relatively flat compared to 2021. Other non-facilities-based competitors also offer local and long distance VoIP services and resell high-speed Internet services.



## Competitors

- Cable TV providers offering cable TV, Internet and cable telephony services, including:
  - Rogers in Ontario, New Brunswick, Newfoundland and Labrador
  - Vidéotron in Québec
  - Cogeco Cable Inc. (a subsidiary of Cogeco Inc.) (Cogeco) in Ontario and Québec
  - Shaw in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario
  - 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. provide wholesale products and business services across Canada
- Various others (such as TekSavvy Solutions, VMedia, 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 CLECs, 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

The wireline telecommunications market is expected to remain very competitive in 2023. 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 traditional linear TV services. Bell is a key 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 share of viewership in response to evolving viewing habits and consumer demand. TV providers are monitoring OTT developments and evolving their content and market strategy 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 encourage greater customer usage of Bell's high-speed Internet and wireless networks. The latest evolution of our Fibe TV service, powered by Google Android TV technology, has new capabilities and features including access to thousands of apps, including Crave, Netflix and Prime Video, voice remote powered by Google Assistant, universal search and cloud PVR, as well as access to the Fibe TV app.

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 enhanced IP-based services and higher broadband speeds. Cable TV companies continue to evolve their cable networks with DOCSIS-related bandwidth enhancements and node splitting. Although this platform increases speed in the near term and is cost-efficient, it does not offer the same advanced capabilities as FTTP over the longer term, such as fast symmetrical upload and download speeds. Bell's pure fibre Internet Gigabit 8.0 offers symmetrical download and upload speeds of 8 Gbps, delivering download speeds five times faster than cable technology and upload speeds 150 times faster than cable technology.

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 TV 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 service 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 services, that can have a greater business impact than traditional telecommunications services.

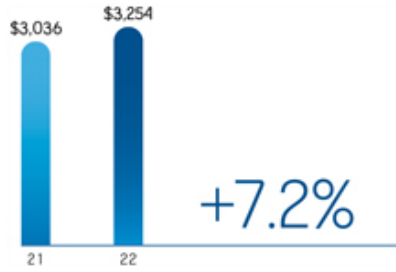
## 5.3 Bell Media

Bell Media generated revenue and adjusted EBITDA growth in 2022, even as TV advertising demand across the industry slowed due to uncertain economic conditions. This is a testament to Bell Media's diversified asset mix, including a growing contribution from digital platforms, our breadth of programming and consistently high ratings for all our TV properties.

### Financial performance analysis

#### 2022 performance highlights

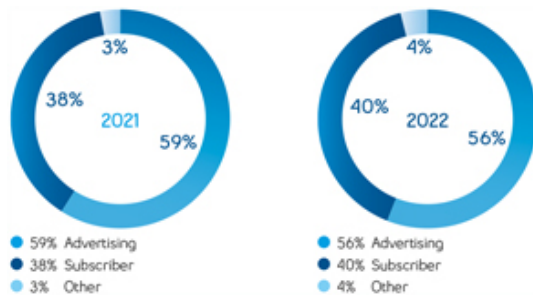
Bell Media  
Revenues  
(in \$ millions)



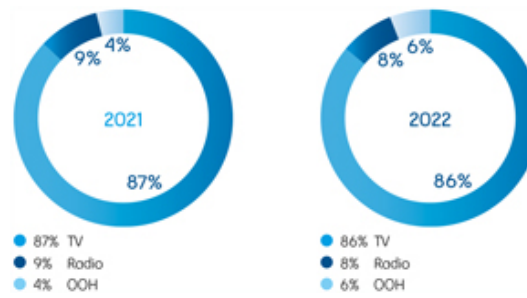
Bell Media  
Adjusted EBITDA  
(in \$ millions)



Bell Media  
Revenue mix  
(product)



Bell Media  
Revenue mix  
(line of business)



### Bell Media results

#### Revenues

	2022	2021	\$ change	% change
External revenues	2,904	2,681	223	8.3%
Inter-segment revenues	350	355	(5)	(1.4%)
<b>Bell Media operating revenues</b>	<b>3,254</b>	<b>3,036</b>	<b>218</b>	<b>7.2%</b>

**Bell Media operating revenues** increased by 7.2% in 2022, compared to last year, due to higher subscriber, advertising and other revenues. This included continued growth in digital revenues of 54% in 2022.

• **Advertising revenues** grew by 3.7% in 2022, compared to last year, driven by higher OOH and radio advertising revenues due to the ongoing recovery from the effects of the COVID-19 pandemic. TV

advertising revenues also contributed to the year-over-year growth, mainly from strong demand by advertisers for the FIFA World Cup Qatar 2022, partly offset by pressures caused by the current economic uncertainty due to inflationary cost pressures, a potential recession and global supply chain challenges.

## 5 MD&A Business segment analysis Bell Media

• **Subscriber revenues** increased by 8.3% in 2022, compared to 2021, due to the benefit from a one-time retroactive adjustment related to a contract with a Canadian TV distributor in Q1 2022 and the continued growth in Crave and sports streaming direct-to-consumer subscribers

• **Other revenues** increased year over year due to the return of the F1 Canadian Grand Prix in Q2 2022, which was cancelled in 2021 due to the COVID-19 pandemic

### Operating costs and adjusted EBITDA

	2022	2021	\$ change	% change
Operating costs	(2,509)	(2,311)	(198)	(8.6%)
<b>Adjusted EBITDA</b>	<b>745</b>	725	20	2.8%
<b>Adjusted EBITDA margin</b>	<b>22.9%</b>	23.9%		(1.0) pts

**Bell Media operating costs** increased by 8.6% in 2022, compared to last year, due to higher sports programming costs, mainly related to the broadcast rights for the FIFA World Cup Qatar 2022, as well as reflecting the return to regular sports broadcast schedules and entertainment programming content deliveries subsequent to COVID-19-related delays in 2021. The year-over-year increase in operating costs was also impacted by the higher costs associated with the return of the F1 Canadian Grand Prix and the temporary waiving in Q1 2021 of CRTC Part I and II broadcasting license fees due to the COVID-19 pandemic.

**Bell Media adjusted EBITDA** grew by 2.8% in 2022, compared to 2021, driven by greater revenues, moderated by increased operating costs.

### Bell Media operating metrics

- CTV maintained its #1 ranking as the most-watched network in Canada for the 21st year in a row among total viewers in primetime, with 12 of the top 20 programs nationally among total viewers <sup>(1)</sup>
- Bell Media maintained its leadership position in the specialty and pay TV market with its English specialty and pay TV properties reaching 77% 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 77% of Québec French specialty and pay TV viewers in an average week <sup>(1)</sup>

• Noovo had 3 out of the top 15 most watched regular shows on French conventional TV among viewers aged 25 to 54 <sup>(1)</sup>

• Bell Media continued to rank first in unique visitors, total page views and total page minutes in digital media in 2022 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 23.7 million unique visitors per month, reaching 73% of the digital audience in 2022 <sup>(2)</sup>.

• Bell Media remained Canada's top radio broadcaster in 2022, and it had the #1 musical radio station in Montréal in Fall 2022 <sup>(1)</sup>

• Astral continues to be a leading OOH solution provider in Canada, offering over 45,000 faces across Canada through 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 13.8 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 in the Canadian media industry has changed in recent years as content is increasingly being 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.

(1) Based on data provided by Numeris.

(2) Based on data provided by Comscore, Inc.

In 2022, advertising demand and spending across the North American media industry was impacted by unfavourable economic conditions and disruptions to supply chains. In particular, TV and radio advertising demand softened as a result of persistently high inflation, fears of a potential recession and supply chain issues in certain key consumer verticals, such as the automotive industry. However, OOH advertising improved as it recovered from the effects of the COVID-19 pandemic due to increased circulation and traffic.

## 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 Jim Pattison Broadcast Group, Outfront Media, 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 display 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 that did not previously exist. While traditional linear TV has historically been the only way to access entertainment programming, the increase in alternative entertainment options has led to a fragmentation in consumption habits. Although more time is still spent on traditional linear TV compared to other forms of video consumption, people are increasingly consuming content on their own terms 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 the majority of 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.

Premium video content has become increasingly 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, which is a trend that is expected to continue into the future.

Consumer viewing behaviour is continually changing and media companies are adjusting by evolving and personalizing their content offerings. They are launching 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. Access to live sports, immersive experiences and other premium content has become even more important for acquiring and retaining audiences that in turn attract advertisers and subscriber revenue. Therefore, ownership of content and/or long-term agreements with content owners has also become increasingly important to media companies.

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.

## 5.4 Segmented business outlook, assumptions and risks

This section contains forward-looking statements, including relating to our projected financial performance for 2023 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.

Effective Q1 2023, our externally reported segments will change to Bell CTS and Bell Media. As a result of our reporting changes, the business outlook, assumptions and risks outlined in this section are presented in accordance with our new reporting segments. Refer to section 1.2, *About BCE* for further details.

### Bell CTS

#### Business outlook and assumptions

##### 2023 outlook

We expect revenue growth to be driven by continued subscriber base expansion.

Wireless subscriber growth is expected to be supported by an accelerating 5G upgrade cycle, higher immigration levels and our focus on multi-product cross sales. We remain focused on sustaining our market share of national operators' postpaid mobile phone net additions in a disciplined and cost-conscious manner, while also continuing to grow our prepaid subscriber base. 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 in the areas of retail, business, transportation, and urban city optimization.

Continued expansion of our retail Internet and TV 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. The broadband network advantage that we are building with the continued deployment of fibre across our service footprint positions us well to continue growing Internet market share and revenue. We will continue to focus on winning the home by leveraging our symmetrical Internet speed advantage over cable and delivering the best available Wi-Fi experience and content on the customer's TV platform of choice in order to drive higher Internet and TV net customer additions. Consumer wireline growth is also to be supported by our acquisitions of EBOX and Distributel in 2022.

In our business markets, we expect an improving financial performance trajectory predicated on higher product sales and resumption of project spending by large enterprise customers as global supply constraints for telecom data equipment are expected to ease. 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 2023. We intend 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 new features such as cloud access, and security and collaboration services. Further, we intend to use marketing initiatives and other customer-specific strategies to slow the pace of NAS erosion, while also investing in direct fibre expansion, 5G and new solutions in key portfolios such as Internet and private networks, cloud services, unified communications and security. 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 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 expansion 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 the ongoing expansion of our all-fibre network footprint, changes in consumer behaviour, digital adoption, product and service enhancements and innovation, digital investments and other improvements to the customer service experience, is expected to deliver meaningful cost savings and productivity gains across the organization.

## Assumptions

- Maintain our market share of national operators' wireless postpaid mobile phone net additions and growth of our prepaid subscriber base
- 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
- Continued growth in retail Internet and IPTV subscribers
- Increasing wireless and Internet-based technological substitution
- Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas, moderated by growing our share of competitive residential service bundles
- 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 a growing 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

- Higher 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
- Expansion of FTTP footprint
- Increasing FTTP and WTTTP 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*.

### 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 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 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

### Regulatory environment

#### Risk

- Increased regulation of wireless services, pricing and infrastructure (e.g., 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 could mandate rates for the new disaggregated wholesale high-speed access service available on FTTP facilities that are materially different from the rates we proposed, and which do not sufficiently account for the investment required in these facilities, or modify the network configuration of this new service in a way that materially improves the business position of our competitors
- 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 new disaggregated wholesale high-speed access service available on FTTP facilities, the mandating of rates that are materially different from the rates we proposed or the adoption of a network configuration advantageous for our competitors, or the implementation of the rates reduced by the CRTC in August 2019 for aggregated 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

### Market environment, technological advancement and changing customer behaviour

#### Risk

- Slower wireless subscriber growth due to high Canadian smartphone penetration and reduced or slower immigration flow
- 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 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

## Bell Media

### Business outlook and assumptions

#### 2023 outlook

We expect to generate positive media revenue growth in 2023. While the advertising market continues to be adversely affected by economic uncertainty, including fears of a potential recession, and ongoing supply chain challenges, we expect a gradual recovery to begin in the second half of the year. Subscriber revenue is expected to reflect the non-recurrence of a one-time revenue adjustment in 2022, but moderated by the flow-through of BDU carriage renewals and continued scaling of DTC products, including Crave. 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 committed to 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.

Across our media properties, particularly in TV, we intend to leverage the strength of our market position combined with enhanced audience targeting to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Success in this area requires that we focus on a number of factors, including: successfully acquiring highly rated programming and differentiated content; building and maintaining strategic supply arrangements for content across all screens and platforms; producing and commissioning high-quality Canadian content, including market-leading news; and 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 TV inventory.

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 TV and streaming service, we will continue to leverage our investments in premium content (including HBO, 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.

In our French-language TV services, we will continue to optimize our programming with a view to increasing our appeal to audiences, supported in particular by Noovo content offerings.

In radio, we intend to leverage the strength of our market position to continue offering 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 leverage the strength of our products 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.

#### Assumptions

- Overall revenue expected to reflect continued scaling of our SAM TV and DSP buying platforms, as well as DTC subscriber growth contributing towards the advancement of our digital-first media strategy
- Continued escalation of media content costs to secure quality programming
- Continued scaling of Crave through broader content offering, user experience improvements and expanded distribution
- Continued investment in Noovo original programming to better serve our French-language customers with a wider array of content on their preferred platforms
- Leveraging of first-party data to improve targeting, advertisement delivery and attribution
- 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

- Continued scaling of SAM TV and Bell DSP buying platforms
- Ongoing growth in BDU rates
- Build out digital experiences and expand distribution in order to support audience growth and increase advertising inventory
- Grow TV audiences and generate revenue from continued investment in Noovo original programming
- Maintain strength in audience performance across all platforms



## 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. Our ability to grow digital and other alternative advertising revenue, in the context of a changing and fragmented advertising market, is further being challenged by such global-scale players.
- The advertising market could be further impacted by cancelled or delayed advertising campaigns from many sectors due to economic uncertainty or a reintroduction of restrictive measures related to the COVID-19 pandemic
- 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 or a reintroduction of restrictive COVID-19-related measures could reduce advertisers' spending. Our failure to increase or maintain viewership or capture our share of the changing and fragmented advertising market 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, piracy and regulatory constraints

#### Risk

- The intensity of competitive activity from new technologies and alternative distribution platforms such as unregulated OTT content offerings, video-on-demand (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

- 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



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

	2022	2021	\$ change	% change
Long-term debt	27,783	27,048	735	2.7%
Debt due within one year	4,137	2,625	1,512	57.6%
50% of preferred shares <sup>(1)</sup>	1,935	2,002	(67)	(3.3%)
Cash	(99)	(289)	190	65.7%
Cash equivalents	(50)	–	(50)	n.m.
Net debt	33,706	31,386	2,320	7.4%

n.m.: not meaningful

(1) 50% of outstanding preferred shares of \$3,870 million and \$4,003 million at December 31, 2022 and December 31, 2021, respectively, are classified as debt consistent with the treatment by some credit rating agencies.

The increase of \$1,512 million in debt due within one year and \$735 million in long-term debt was due to:

- the issuance by Bell Canada of Series M-57 MTN debentures with a total principal amount of \$1 billion in Canadian dollars
- the issuance by Bell Canada of Series US-7 Notes, with a total principal amount of \$750 million in U.S. dollars (\$954 million in Canadian dollars)
- an increase in our securitized receivables of \$700 million
- an increase of \$482 million mainly due to foreign exchange fluctuations on hedged U.S. debt and net issuances of other debt
- an increase in our notes payable (net of repayments) of \$111 million

Partly offset by:

- the early redemption of Series M-26 MTN debentures with a total principal amount of \$1 billion in Canadian dollars

The decrease in cash of \$190 million and the increase in cash equivalents of \$50 million was mainly due to:

- \$5,133 million of capital expenditures
- \$3,312 million of dividends paid on BCE common shares
- \$2,023 million of repayment of long-term debt
- \$429 million paid, net of cash acquired, mainly for the acquisition of Distributel and EBOX and other related companies
- \$255 million paid for the purchase on the open market of BCE common shares for the settlement of share-based payments
- \$136 million of dividends paid on BCE preferred shares
- \$125 million paid for the repurchase of BCE preferred shares

Partly offset by:

- \$8,365 million of cash flows from operating activities
- \$1,951 million of issuance of long-term debt
- \$700 million increase in securitized receivables
- \$171 million from the issuance of common shares under our employee stock option plan
- \$111 million increase in notes payable

## 6.2 Outstanding share data

Common shares outstanding	Number of shares
Outstanding, January 1, 2022	909,018,871
Shares issued under deferred share plan	11,003
Shares issued under employee stock option plan	2,952,992
Outstanding, December 31, 2022	911,982,866

Stock options outstanding	Number of options	Weighted average exercise price (\$)
Outstanding, January 1, 2022	10,778,724	60
Exercised <sup>(1)</sup>	(2,952,992)	58
Forfeited or expired	(23,624)	65
Outstanding, December 31, 2022	7,802,108	61
Exercisable, December 31, 2022	4,539,188	58

(1) The weighted average market share price for options exercised in 2022 was \$69.

At March 2, 2023, 912,159,109 common shares and 7,625,865 stock options were outstanding.

## 6.3 Cash flows

	2022	2021	\$ change	% change
<b>Cash flows from operating activities</b>	<b>8,365</b>	8,008	357	4.5%
Capital expenditures	(5,133)	(4,852)	(281)	(5.8%)
Cash dividends paid on preferred shares	(136)	(125)	(11)	(8.8%)
Cash dividends paid by subsidiaries to non-controlling interest	(39)	(86)	47	54.7%
Acquisition and other costs paid	10	35	(25)	(71.4%)
<b>Free cash flow</b>	<b>3,067</b>	2,980	87	2.9%
Business acquisitions	(429)	(12)	(417)	n.m.
Business dispositions	52	–	52	n.m.
Acquisition and other costs paid	(10)	(35)	25	71.4%
Spectrum licences	(3)	(2,082)	2,079	99.9%
Other investing activities	(4)	(72)	68	94.4%
Increase in notes payable	111	351	(240)	(68.4%)
Increase (decrease) in securitized receivables	700	(150)	850	n.m.
Issue of long-term debt	1,951	4,985	(3,034)	(60.9%)
Repayment of long-term debt	(2,023)	(2,751)	728	26.5%
Issue of common shares	171	261	(90)	(34.5%)
Purchase of shares for settlement of share-based payments	(255)	(297)	42	14.1%
Repurchase of preferred shares	(125)	–	(125)	n.m.
Cash dividends paid on common shares	(3,312)	(3,132)	(180)	(5.7%)
Other financing activities	(31)	19	(50)	n.m.
<b>Net (decrease) increase in cash</b>	<b>(190)</b>	65	(255)	n.m.
<b>Net increase in cash equivalents</b>	<b>50</b>	–	50	n.m.

n.m.: not meaningful

### Cash flows from operating activities and free cash flow

In 2022, BCE's cash flows from operating activities increased by \$357 million, compared to 2021, mainly due to higher adjusted EBITDA, lower income taxes paid, lower contributions to post-employment benefit plans due to a partial contribution holiday in 2022, and lower severance and other costs paid, partly offset by lower cash from working capital and higher interest paid.

Free cash flow increased by \$87 million in 2022, compared to 2021, mainly due to higher cash flows from operating activities, excluding cash from acquisition and other costs paid, partly offset by higher capital expenditures.

## Capital expenditures

	2022	2021	\$ change	% change
Bell Wireless	1,084	1,120	36	3.2%
<i>Capital intensity</i> <sup>(1)</sup>	11.3%	12.4%		1.1 pts
Bell Wireline	3,887	3,612	(275)	(7.6%)
<i>Capital intensity</i>	32.0%	29.7%		(2.3) pts
Bell Media	162	120	(42)	(35.0%)
<i>Capital intensity</i>	5.0%	4.0%		(1.0) pts
BCE	5,133	4,852	(281)	(5.8%)
<i>Capital intensity</i>	21.2%	20.7%		(0.5) pts

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

**BCE capital expenditures** of \$5,133 million in 2022 increased by 5.8% or \$281 million, compared to last year, for a capital intensity ratio of 21.2%, up 0.5 pts over 2021. The variance reflected the following:

- Lower capital spending in our wireless segment of \$36 million in 2022, compared to last year, mainly due to slower pace of spending, as we continued to execute on the deployment of our mobile 5G network, which reached 82% of the Canadian population by the end of the year

- Higher year-over-year capital spending in our wireline segment of \$275 million in 2022, primarily due to the continued accelerated rollout of our FTTP network to more homes and businesses, partly offset by lower year-over-year investment in the buildout of our WTTN network, which was essentially completed at the end of last year

- Higher capital expenditures at Bell Media of \$42 million in 2022, compared to last year, mainly due to greater investments in new generation media content editing infrastructure and to support the expansion of the distribution of our OTT services

## Business acquisitions

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.

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 March 1, 2022, we completed the previously announced sale of our wholly-owned subsidiary, Createch. We recorded cash proceeds of \$54 million.

In December 2022, we entered into an agreement to sell our 63% ownership in certain production studios and production studios currently under construction, which are included in our Bell Media segment. The transaction is expected to close in the first half of 2023 once we achieve

substantial completion of the construction of the production studios and subject to customary closing conditions. As at December 31, 2022, construction of the production studios was ongoing and there remain significant construction activities which must be completed. We estimate we will receive cash proceeds of approximately \$220 million from the sale transaction, which amount may vary primarily based on the actual cost incurred to complete the construction of the production studios.

## Spectrum licences

On December 17, 2021, Bell Mobility Inc. (Bell Mobility) acquired 271 licences in a number of urban and rural markets for 678 million MHz-Pop of 3500 MHz spectrum for \$2.07 billion.

## 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 trade 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, 2022, all of our debt was denominated in Canadian dollars with the exception of our commercial paper, and Series US-1, US-2, US-3, US-4, US-5, US-6 and US-7 Notes, which are denominated in U.S. dollars and have been hedged for foreign currency fluctuations through cross currency interest rate swaps.

### 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

### 2021

During 2021, we issued debt, net of repayments. This included:

- \$4,985 million issuance of long-term debt comprised of the issuance of Series US-3, Series US-4, Series US-5 and Series US-6 Notes, with total principal amounts of \$600 million, \$500 million, \$600 million and \$650 million in U.S. dollars, respectively (\$747 million, \$623 million, \$755 million and \$818 million in Canadian dollars, respectively), and the issuance of Series M-54, Series M-55 and Series M-56 MTN debentures, with total principal amounts of \$1 billion, \$550 million and \$500 million in Canadian dollars, respectively, partly offset by \$8 million of discounts on our debt issuances
- \$351 million issuance (net of repayments) of notes payable

Partly offset by:

- \$2,751 million repayment of long-term debt comprised of the early redemption of Series M-40 MTN debentures with a total principal amount of \$1,700 million in Canadian dollars and net payments of leases and other debt of \$1,051 million
- \$150 million decrease in securitized receivables

## Issuance of common shares

The issuance of common shares in 2022 decreased by \$90 million, compared to 2021, mainly due to a lower number of exercised stock options.

## Repurchase of preferred shares

In Q4 2022, BCE repurchased and canceled 584,300 First Preferred Shares for a total cost of \$10 million.

Subsequent to year end, BCE repurchased and canceled 1,090,400 First Preferred Shares for a total cost of \$20 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 2022, cash dividends paid on common shares of \$3,312 million increased by \$180 million, compared to 2021, due to a higher dividend paid in 2022 of \$3.6350 per common share, compared to \$3.4575 per common share in 2021.

## 6.4 Post-employment benefit plans

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.

For the year ended December 31, 2021, we recorded an increase in our post-employment benefit plans and a gain, before taxes, in OCI of \$2,433 million. This was due to a higher-than-expected return on plan assets in 2021 and a higher actual discount rate of 3.2% at December 31, 2021, compared to 2.6% at December 31, 2020.

## 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, commodity price risk, equity price risk and longevity risk. These risks are further described in Note 2, *Significant accounting policies*, Note 9, *Other (expense) income*, Note 27, *Post-employment benefit plans* and Note 29, *Financial and capital management* in BCE's 2022 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
<b>Credit risk</b>	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.	<ul style="list-style-type: none"> <li>• Large and diverse customer base</li> <li>• Deal with institutions with investment-grade credit ratings</li> <li>• Regularly monitor our credit risk and credit exposure, and consider, among other factors, the effects of rising interest rates and inflation</li> <li>• Our trade receivables and allowance for doubtful accounts balances at December 31, 2022, which both include the current portion of wireless device financing plan receivables, were \$4,102 million and \$129 million, respectively</li> <li>• Our non-current wireless device financing plan receivables and allowance for doubtful accounts balances at December 31, 2022 were \$386 million and \$15 million, respectively</li> <li>• Our contract assets balance at December 31, 2022 was \$724 million, net of an allowance for doubtful accounts balance of \$19 million</li> </ul>
<b>Liquidity risk</b>	We are exposed to liquidity risk for financial liabilities.	<ul style="list-style-type: none"> <li>• Our cash and cash equivalents, cash from operating activities, possible capital markets financing, amounts available under our securitized receivables program and committed bank facilities are expected to be sufficient to fund our operations and fulfill our obligations as they become due</li> <li>• Refer to section 6.7, <i>Liquidity – Contractual obligations</i>, for a maturity analysis of our recognized financial liabilities</li> </ul>
<b>Foreign currency risk</b>	<p>We are exposed to foreign currency risk related to anticipated purchases and certain foreign currency debt.</p> <p>A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a loss of \$10 million (loss of \$17 million) recognized in net earnings at December 31, 2022 and a gain of \$114 million (loss of \$105 million) recognized in OCI at December 31, 2022, with all other variables held constant.</p> <p>A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the Philippine peso would result in a gain (loss) of \$4 million recognized in OCI at December 31, 2022, with all other variables held constant.</p> <p>Refer to the following <i>Fair value</i> section for details on our derivative financial instruments.</p>	<ul style="list-style-type: none"> <li>• At December 31, 2022, we had outstanding foreign currency forward contracts and options maturing from 2023 to 2024 of \$3.5 billion in U.S. dollars (\$4.5 billion in Canadian dollars) and ₱2.1 billion in Philippine pesos (\$50 million in Canadian dollars), to manage foreign currency risk related to anticipated purchases and certain foreign currency debt</li> <li>• 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, which is recognized in <i>Other (expense) income</i> in the income statements. Realized gains and losses in <i>Accumulated OCI</i> are reclassified to the income statements or to the initial cost of the non-financial asset in the same periods as the corresponding hedged transactions are recognized.</li> <li>• For cash flow hedges relating to our U.S. dollar debt under our commercial paper program, securitization of receivables and committed credit facilities, changes in the fair value are recognized in <i>Other (expense) income</i> 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</li> <li>• For economic hedges, changes in the fair value are recognized in <i>Other (expense) income</i> in the income statements</li> <li>• At December 31, 2022, we had outstanding cross currency interest rate swaps with notional amounts of \$4,250 million in U.S. dollars (\$5,465 million in Canadian dollars) to hedge the U.S. currency exposure of our U.S. Notes maturing from 2032 to 2052</li> <li>• 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 <i>Other (expense) income</i> 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</li> </ul>

Financial risk	Description of risk	Management of risk and financial statement classification
<b>Interest rate risk</b>	<p>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.</p> <p>A 1% increase (decrease) in interest rates would result in a loss of \$24 million (gain of \$23 million) recognized in net earnings at December 31, 2022, with all other variables held constant.</p> <p>A 0.1% increase (decrease) in cross currency basis swap rates would result in a gain (loss) of \$9 million recognized in net earnings at December 31, 2022, with all other variables held constant.</p> <p>Refer to the following <i>Fair value</i> section for details on our derivative financial instruments.</p>	<ul style="list-style-type: none"> <li>We use interest rate swaps, cross currency basis rate swaps, cross currency interest rate swaps, forward starting interest rate swaps and interest rate swaptions to hedge interest rate exposure on existing and/or future debt issuances. We also use leveraged interest rate options to economically hedge dividend rate resets on preferred shares.</li> <li>At December 31, 2022, we had outstanding interest rate swaps with a notional amount of \$500 million which will mature in 2027 and have been designated to hedge the fair value of our Series M-53 MTN debentures</li> <li>For interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in <i>Other (expense) income</i> in the income statements and offset each other, except for any ineffective portion of the hedging relationship</li> <li>At December 31, 2022, we had outstanding 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</li> <li>For these cross currency basis rate swaps, changes in the fair value of these derivatives are recognized in the income statements in <i>Other (expense) income</i></li> <li>At December 31, 2022, 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</li> <li>For these cross currency interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in <i>Other (expense) income</i> in the income statements and offset each other, except for any ineffective portion of the hedging relationship</li> <li>At December 31, 2022, we had outstanding leveraged interest rate options with a fair value liability of \$1 million 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</li> <li>For leveraged interest rate options, changes in the fair value of these derivatives are recognized in the income statements in <i>Other (expense) income</i></li> <li>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</li> </ul>
<b>Equity price risk</b>	<p>We are exposed to risk on our cash flow related to the settlement of equity settled share-based payment plans.</p> <p>A 5% increase (decrease) in the market price of BCE's common shares would result in a gain (loss) of \$33 million recognized in net earnings at December 31, 2022, with all other variables held constant.</p> <p>Refer to the following <i>Fair value</i> section for details on our derivative financial instruments.</p>	<ul style="list-style-type: none"> <li>At December 31, 2022, we had outstanding equity forward contracts with a fair value net liability of \$48 million on BCE's common shares to economically hedge the cash flow exposure related to the settlement of equity settled share-based compensation plans</li> <li>Changes in the fair value of these derivatives are recorded in the income statements in <i>Other (expense) income</i> for derivatives used to hedge equity settled share-based payment plans</li> </ul>
<b>Commodity price risk</b>	<p>We are exposed to risk on the purchase cost of fuel.</p> <p>Refer to the following <i>Fair value</i> section for details on our derivative financial instruments.</p>	<ul style="list-style-type: none"> <li>At December 31, 2022, there are no fuel swaps outstanding</li> <li>Changes in the fair value are recorded in the income statements in <i>Other (expense) income</i></li> </ul>
<b>Longevity risk</b>	<p>We are exposed to life expectancy risk on our post-employment benefit plans.</p>	<ul style="list-style-type: none"> <li>The Bell Canada pension plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately \$4 billion of post-employment benefit obligations</li> </ul>

## 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 and cash equivalents, trade and other receivables, dividends payable, trade payables and accruals, compensation payable, interest 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 following table provides the fair value details of other financial instruments measured at amortized cost in the statements of financial position.

	Classification	Fair value methodology	December 31, 2022		December 31, 2021	
			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	25,061	23,026	23,729	26,354

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

Classification		Carrying value of asset (liability)	Fair value		
			Quoted prices in active markets for identical assets (level 1)	Observable market data (level 2) <sup>(1)</sup>	Non-observable market inputs (level 3) <sup>(2)</sup>
<b>December 31, 2022</b>					
Publicly-traded and privately-held investments <sup>(3)</sup>	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 <sup>(4)</sup>	Trade payables and other liabilities	(149)	–	–	(149)
Other	Other non-current assets and liabilities	108	–	184	(76)
<b>December 31, 2021</b>					
Publicly-traded and privately-held investments <sup>(3)</sup>	Other non-current assets	183	24	–	159
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	279	–	279	–
MLSE financial liability <sup>(4)</sup>	Trade payables and other liabilities	(149)	–	–	(149)
Other	Other non-current assets and liabilities	122	–	185	(63)

(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 earnings multiples. A reasonable change in our assumptions would not result in a significant increase (decrease) to 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) Represents BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price, should the Master Trust Fund exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recognized in Other (expense) income in the income statements. Subsequent to year end, BCE repurchased the Master Trust Fund's interest 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 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 qualify for lower interest rates than companies that have ratings lower than investment grade. A ratings downgrade could result in adverse consequences for our funding capacity or ability to access the capital markets.

The following table provides BCE's and Bell Canada's credit ratings, which are considered investment grade, as at March 2, 2023 from DBRS, Moody's and S&P.

### Key credit ratings

March 2, 2023	Bell Canada <sup>(1)</sup>		
	DBRS	Moody's	S&P
Commercial paper	R-2 (high)	P-2	A-1 (Low) (Canadian scale) A-2 (Global scale)
Long-term debt	BBB (high)	Baa1	BBB+
Subordinated long-term debt	BBB (low)	Baa2	BBB
Preferred shares	BCE <sup>(1)</sup>		
	DBRS	Moody's	S&P
Preferred shares	Pfd-3	–	P-2 (Low) (Canadian scale) 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 2, 2023, 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 the expectation that our available liquidity will, in 2023, be sufficient to meet our cash requirements, our planned capital expenditures, our expected post-employment benefit plans funding, and our annualized common share dividend. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

### Available liquidity

Total available liquidity at December 31, 2022 was \$3.5 billion, comprised of \$99 million in cash, \$50 million in cash equivalents, \$700 million available under our securitized receivables program and \$2.65 billion available under our \$3.5 billion committed revolving and expansion credit facilities (given \$849 million of commercial paper outstanding).

We expect that our available liquidity, 2023 estimated cash flows from operations and capital markets financing will permit us to meet our cash requirements in 2023 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 2023 cash requirements exceed our cash, cash equivalents, 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 2023, our cash flows from operations, cash, cash equivalents, 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.

## 6 MD&A Financial and capital management

Similar to the previous program, 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.

### Credit facilities

The table below is a summary of our total bank credit facilities at December 31, 2022.

December 31, 2022	Total available	Drawn	Letters of credit	Commercial paper outstanding	Net available
<b>Committed credit facilities</b>					
Unsecured revolving and expansion credit facilities <sup>(1) (2)</sup>	3,500	–	–	849	2,651
Unsecured non-revolving credit facilities <sup>(3)</sup>	647	–	–	–	647
Other	106	–	96	–	10
<b>Total committed credit facilities</b>	<b>4,253</b>	<b>–</b>	<b>96</b>	<b>849</b>	<b>3,308</b>
<b>Total non-committed credit facilities</b>	<b>1,939</b>	<b>–</b>	<b>808</b>	<b>–</b>	<b>1,131</b>
<b>Total committed and non-committed credit facilities</b>	<b>6,192</b>	<b>–</b>	<b>904</b>	<b>849</b>	<b>4,439</b>

(1) Bell Canada's \$2.5 billion committed revolving credit facility expires in August 2027 and its \$1 billion committed expansion credit facility expires in August 2025. In 2022, Bell Canada converted its committed credit facilities into a sustainability-linked loan. The amendment introduces a borrowing cost that varies based on Bell's performance of certain sustainability performance targets.

(2) As of December 31, 2022, Bell Canada's outstanding commercial paper included \$627 million in U.S. dollars (\$849 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.

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, 2022. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

## Cash requirements

### Capital expenditures

In 2023, our planned capital spending will be focused on our strategic imperatives, reflecting an appropriate level of investment in our networks and services, including our historic accelerated capital expenditure program for the rollout of Bell's wireline fibre and wireless 5G networks.

### 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, 2021.

The lenders have no further claim on our other assets if customers do not pay the amounts owed.

As of December 31, 2022, 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 \$3.4 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.

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.

We expect to contribute approximately \$50 million to our DB pension plans in 2023, subject to actuarial valuations being completed in mid-2023. We expect to contribute approximately \$10 million to the DC pension plans and to pay approximately \$75 million to beneficiaries under OPEB plans in 2023.

### Dividend payments

In 2023, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2022 as BCE's annual common share dividend increased by 5.2% to \$3.87 per common share from \$3.68 per common share effective with the dividend payable on April 17, 2023. 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, 2022 that are due in each of the next five years and thereafter.

At December 31, 2022	2023	2024	2025	2026	2027	Thereafter	Total
<b>Recognized financial liabilities</b>							
Long-term debt	750	2,103	2,174	1,582	1,724	16,863	25,196
Notes payable	869	–	–	–	–	–	869
Lease liabilities <sup>(1)</sup>	1,111	923	561	515	320	1,932	5,362
Loan secured by receivables	1,588	–	–	–	–	–	1,588
Interest payable on long-term debt, notes payable and loan secured by receivables	1,100	931	877	825	787	9,833	14,353
Net payments (receipts) on cross currency interest rate swaps	36	(45)	5	4	4	(141)	(137)
MLSE financial liability <sup>(2)</sup>	149	–	–	–	–	–	149
<b>Commitments (off-balance sheet)</b>							
Commitments for property, plant and equipment and intangible assets	2,015	1,392	1,052	516	216	949	6,140
Purchase obligations	602	458	443	560	276	955	3,294
Leases committed not yet commenced	14	21	16	16	17	96	180
<b>Total</b>	<b>8,234</b>	<b>5,783</b>	<b>5,128</b>	<b>4,018</b>	<b>3,344</b>	<b>30,487</b>	<b>56,994</b>

(1) Includes imputed interest of \$960 million.

(2) Represents BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price, should the Master Trust Fund exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recognized in Other (expense) income in the income statements. Subsequent to year end, BCE repurchased the Master Trust Fund's interest for a cash consideration of \$149 million.

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.

## Indemnifications and guarantees (off-balance sheet)

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 2, 2023,

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 2, 2023, please see the section entitled *Legal proceedings* contained in the BCE 2022 AIF.

## 7 Selected annual and quarterly information

### 7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2022, 2021 and 2020 based on the annual consolidated financial statements, which are prepared in accordance with 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.

The emergency measures put in place in Canada starting in March 2020 to combat the COVID-19 pandemic significantly disrupted retail and commercial activities across most sectors of the economy and had an adverse and pervasive impact on our financial and operating performance throughout most of 2020. Consequently, this unfavourably affected all three of our segments, with a more pronounced impact on our Bell Wireless and Bell Media segments.

Our financial and operating performance saw a steady improvement in 2021 despite the continued adverse impacts of the COVID-19 pandemic experienced throughout the year, due to our strong operational execution and the easing of government restrictions in the second half of the year. It had been almost two years since the pandemic started affecting our performance and BCE had since adapted many aspects of its business to better operate in this environment. Additionally, compared to 2020, the effects of the pandemic on our year-over-year performance were considerably reduced, with Q2 2020 being the quarter most significantly affected by the pandemic. The impacts of the COVID-19 pandemic, although moderated, continued to unfavourably affect Bell Wireless product and roaming revenues, Bell Media advertising revenues, as well as Bell Wireline business market equipment revenues, due to reduced commercial activity as a result of the government restrictions put in place to combat the pandemic, particularly in the first half of 2021, and the global supply chain challenges experienced in the second half of 2021.

In 2022, the unfavourable effects of the COVID-19 pandemic on our financial and operating performance continued to moderate due to our operational execution and the lifting of most of the government restrictions during the year.

On June 1, 2020, BCE announced that it had entered into an agreement to sell substantially all of its data centre operations in an all-cash transaction valued at \$1.04 billion. We presented amounts related to the sale as discontinued operations in our consolidated income statements and consolidated statements of cash flows. Property, plant and equipment and intangible assets that were sold were no longer depreciated or amortized effective June 1, 2020. In Q4 2020, we completed the sale for proceeds of \$933 million (net of debt and other items) and recorded a gain on sale, net of taxes, of \$211 million. The capital gain as a result of the sale was mainly offset by the recognition of previously unrecognized capital loss carry forwards.

In 2020, we recognized \$452 million of impairment charges for our English and French TV services as well as various radio markets within our Bell Media segment. These charges included \$291 million allocated to indefinite-life intangible assets for broadcast licences, \$146 million allocated to finite-life intangible assets, mainly for program and feature film rights, and \$15 million to property, plant and equipment for network and infrastructure and equipment.

7 MD&A Selected annual and quarterly information

	2022	2021	2020
<b>Consolidated income statements</b>			
Operating revenues			
Service	20,956	20,350	19,832
Product	3,218	3,099	3,051
Total operating revenues	24,174	23,449	22,883
Operating costs	(13,975)	(13,556)	(13,276)
Adjusted EBITDA	10,199	9,893	9,607
Severance, acquisition and other costs	(94)	(209)	(116)
Depreciation	(3,660)	(3,627)	(3,475)
Amortization	(1,063)	(982)	(929)
Finance costs			
Interest expense	(1,146)	(1,082)	(1,110)
Net return (interest) on post-employment benefit obligations	51	(20)	(46)
Impairment of assets	(279)	(197)	(472)
Other (expense) income	(115)	160	(194)
Income taxes	(967)	(1,044)	(792)
Net earnings from continuing operations	2,926	2,892	2,473
Net earnings from discontinued operations	–	–	226
Net earnings	2,926	2,892	2,699
Net earnings from continuing operations attributable to:			
Common shareholders	2,716	2,709	2,272
Preferred shareholders	152	131	136
Non-controlling interest	58	52	65
Net earnings from continuing operations	2,926	2,892	2,473
Net earnings attributable to:			
Common shareholders	2,716	2,709	2,498
Preferred shareholders	152	131	136
Non-controlling interest	58	52	65
Net earnings	2,926	2,892	2,699
Net earnings per common share – basic and diluted			
Continuing operations	2.98	2.99	2.51
Discontinued operations	–	–	0.25
Net earnings per common share – basic and diluted	2.98	2.99	2.76
<b>Ratios</b>			
Adjusted EBITDA margin (%)	42.2%	42.2%	42.0%

7 MD&A Selected annual and quarterly information

	2022	2021	2020
<b>Consolidated statements of financial position</b>			
Property, plant and equipment	29,256	28,235	27,513
Total assets	69,329	66,764	60,665
Debt due within one year (including notes payable and loans secured by receivables)	4,137	2,625	2,417
Long-term debt	27,783	27,048	23,906
Total non-current liabilities	35,345	34,710	31,065
Equity attributable to BCE shareholders	22,178	22,635	20,989
Total equity	22,515	22,941	21,329
<b>Consolidated statements of cash flows</b>			
Cash flows from operating activities	8,365	8,008	7,754
Cash flows used in investing activities	(5,517)	(7,018)	(3,540)
Capital expenditures	(5,133)	(4,852)	(4,202)
Business acquisitions	(429)	(12)	(65)
Business dispositions	52	–	–
Spectrum licences	(3)	(2,082)	(86)
Cash from discontinued operations	–	–	892
Cash flows used in financing activities	(2,988)	(925)	(4,135)
Issue of common shares	171	261	26
Increase (decrease) in notes payable	111	351	(1,641)
Increase (decrease) in securitized receivables	700	(150)	–
Issue of long-term debt	1,951	4,985	6,006
Repayment of long-term debt	(2,023)	(2,751)	(5,003)
Cash dividends paid on common shares	(3,312)	(3,132)	(2,975)
Cash dividends paid on preferred shares	(136)	(125)	(132)
Cash dividends paid by subsidiaries to non-controlling interest	(39)	(86)	(53)
Free cash flow	3,067	2,980	3,348
<b>Share information</b>			
Weighted average number of common shares (millions)	911.5	906.3	904.3
Common shares outstanding at end of year (millions)	912.0	909.0	904.4
Market capitalization <sup>(1)</sup>	54,255	59,821	49,226
Dividends declared per common share (dollars)	3.68	3.50	3.33
Dividends declared on common shares	(3,356)	(3,175)	(3,011)
Dividends declared on preferred shares	(152)	(131)	(136)
Closing market price per common share (dollars)	59.49	65.81	54.43
Total shareholder return	(4.2%)	27.9%	(4.1%)
<b>Ratios</b>			
Capital intensity (%)	21.2%	20.7%	18.4%
Price to earnings ratio (times) <sup>(2)</sup>	19.96	22.01	19.72
<b>Other data</b>			
Number of employees (thousands)	45	50	51

(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 2022 and 2021. 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. Refer to section 7.1, *Annual Financial Information* in this MD&A for a description of the impacts of the COVID-19 pandemic on our financial results during 2022 and 2021.

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues								
Service	5,353	5,193	5,233	5,177	5,243	5,099	5,040	4,968
Product	1,086	831	628	673	966	737	658	738
Total operating revenues	6,439	6,024	5,861	5,850	6,209	5,836	5,698	5,706
Adjusted EBITDA	2,437	2,588	2,590	2,584	2,430	2,558	2,476	2,429
Severance, acquisition and other costs	(19)	(22)	(40)	(13)	(63)	(50)	(7)	(89)
Depreciation	(922)	(914)	(933)	(891)	(925)	(902)	(905)	(895)
Amortization	(270)	(267)	(266)	(260)	(251)	(245)	(248)	(238)
Finance costs								
Interest expense	(319)	(298)	(269)	(260)	(275)	(272)	(268)	(267)
Net return (interest) on post-employment benefit plans	13	13	7	18	(5)	(5)	(5)	(5)
Impairment of assets	(150)	(21)	(106)	(2)	(30)	–	(164)	(3)
Other income (expense)	19	(130)	(97)	93	26	35	91	8
Income taxes	(222)	(178)	(232)	(335)	(249)	(306)	(236)	(253)
Net earnings	567	771	654	934	658	813	734	687
Net earnings attributable to common shareholders	528	715	596	877	625	757	685	642
Net earnings per common share – basic and diluted	0.58	0.78	0.66	0.96	0.69	0.83	0.76	0.71
Weighted average number of common shares outstanding – basic (millions)	912.0	911.9	911.9	910.1	908.8	906.9	905.0	904.5
<b>Other information</b>								
Cash flows from operating activities	2,056	1,996	2,597	1,716	1,743	1,774	2,499	1,992
Free cash flow	376	642	1,333	716	229	566	1,245	940
Capital expenditures	(1,638)	(1,317)	(1,219)	(959)	(1,466)	(1,164)	(1,210)	(1,012)

### Fourth quarter highlights

Operating revenues	Q4 2022	Q4 2021	\$ change	% change
Bell Wireless	2,666	2,475	191	7.7%
Bell Wireline	3,094	3,079	15	0.5%
Bell Media	889	849	40	4.7%
Inter-segment eliminations	(210)	(194)	(16)	(8.2%)
<b>Total BCE operating revenues</b>	<b>6,439</b>	<b>6,209</b>	<b>230</b>	<b>3.7%</b>
Adjusted EBITDA	Q4 2022	Q4 2021	\$ change	% change
Bell Wireless	990	951	39	4.1%
Bell Wireline	1,318	1,326	(8)	(0.6%)
Bell Media	129	153	(24)	(15.7%)
<b>Total BCE adjusted EBITDA</b>	<b>2,437</b>	<b>2,430</b>	<b>7</b>	<b>0.3%</b>

**Total operating revenues at BCE** increased by 3.7% in Q4 2022, compared to Q4 2021, driven by both higher product revenues of \$1,086 million, up 12.4% year over year and higher service revenues of \$5,353 million, up 2.1% year over year. The growth in operating revenues was driven by increases across all three of our segments. Wireless operating revenues grew by 7.7% year over year, attributable to higher product revenues of 11.7%, as well as greater service revenues of 5.8%. Bell Media operating revenues increased by 4.7% year over year, driven by greater advertising and subscriber revenues. Bell Wireline operating revenues grew by 0.5% in Q4 2022, over the same period last year, due to greater product revenues of 17.2%, moderated by lower service revenues of 0.3%.

**BCE net earnings** decreased by 13.8% in Q4 2022, compared to Q4 2021, mainly due to higher impairment of assets, higher interest expense and higher amortization, partly offset by lower severance, acquisition and other costs, lower income taxes and higher net return on post-employment benefit plans.

**BCE's adjusted EBITDA** grew by 0.3% in Q4 2022, compared to the same period last year, due to growth in Bell Wireless of 4.1%, partly offset by declines in Bell Media of 15.7% and Bell Wireline of 0.6%. The year-over-year increase in adjusted EBITDA reflected higher operating revenues, partly offset by greater operating costs. Adjusted EBITDA margin of 37.8% in Q4 2022 decreased by 1.3 pts over Q4 2021, driven by a greater proportion of low-margin product sales in our total revenue base, higher media programming costs, storm recovery costs, inflationary cost pressures and increased wireless promotional offer intensity.

**Bell Wireless operating revenues** increased by 7.7% in Q4 2022, compared to the same period last year, due to both higher service and product revenues. Service revenues grew by 5.8% year over year, driven by the continued growth in our mobile phone and connected device subscriber bases, and greater roaming revenues due to increased international travel resulting from the easing of COVID-19 global travel restrictions, partly offset by subscriber mix and competitive pricing pressures. Product revenues increased by 11.7% year over year, due to higher contracted sales volumes, partly offset by greater promotional intensity.

**Bell Wireless adjusted EBITDA** increased by 4.1% in Q4 2022, compared to the same period in 2021, due to greater operating revenues, moderated by higher operating costs. The increase in operating costs was primarily due to higher cost of goods sold driven by the greater product sales, increased network operating costs related to the ongoing deployment of our mobile 5G network, greater payments to other carriers associated with the increase in roaming revenues and higher labour cost, primarily from customer service centres. Adjusted EBITDA margin of 37.1% in Q4 2022, decreased by 1.3 pts, compared to the same period last year, primarily driven by a greater proportion of low-margin product sales in our total revenue base, and increased promotional offer intensity, partly offset by the flow-through of the service revenue growth.

**Bell Wireline operating revenues** grew by 0.5% in Q4 2022, compared to the same period last year, driven by higher product revenues of 17.2%, due to the timing of sales to large business customers, along with an improving year-over-year impact from global supply chain challenges. This was partly offset by lower year-over-year service revenue of 0.3% due to higher acquisition, retention and bundle discounts on residential services, ongoing voice and legacy data erosion, reduced

business solutions services revenue including the impact of the sale of our wholly-owned subsidiary Createch on March 1, 2022, a declining satellite TV subscriber base, as well as lower sales of international wholesale long distance minutes. The decline in service revenue was partly mitigated by greater retail Internet and IPTV subscriber bases, the flow-through of residential rate increases, the acquisitions of EBOX and other related companies in February 2022 and Distributed in December 2022, as well as higher sales of maintenance contracts on data equipment sold to business customers.

**Bell Wireline adjusted EBITDA** declined by 0.6% in Q4 2022, compared to the same period last year, from higher operating costs, partly offset by greater year-over-year operating revenues. The increase in operating costs was mainly driven by higher product cost of goods sold and maintenance contract costs associated with the higher year-over-year revenues, along with greater storm recovery costs and inflationary cost pressures primarily impacting labour and fuel costs. This was partly offset by lower business solutions services costs, reduced TV programming and content expenses and lower payments to other carriers, driven by lower associated revenues, combined with labour savings mainly reflecting workforce reductions. Adjusted EBITDA margin of 42.6% in Q4 2022 decreased by 0.5 points over the same period in 2021, due to an increased proportion of low-margin product sales in our total revenue base, greater operating costs, and the impact of lower year-over-year service revenue flow-through.

**Bell Media operating revenues** increased by 4.7% in Q4 2022, compared to the same period last year, due to higher advertising and subscriber revenues, including continued year-over-year growth in digital revenues of 46%. Advertising revenues increased by 3.8% in Q4 2022, compared to the same period last year, due to greater TV advertising revenues from the broadcast of the FIFA World Cup Qatar 2022 and higher OOH revenues due to the ongoing recovery from the effects of the COVID-19 pandemic, partly offset by lower demand by advertisers driven by the current economic uncertainty. Subscriber revenues grew by 5.4% in Q4 2022, compared to the same period last year, primarily from the continued growth in Crave and sports streaming direct-to-consumer subscribers.

**Bell Media adjusted EBITDA** decreased by 15.7% in Q4 2022, compared to the same period last year, as the higher operating costs more than offset the increase in operating revenues. The year-over-year increase in operating costs was mainly driven by higher sports programming costs, primarily related to sports broadcast rights for FIFA World Cup Qatar 2022, and from the return to regular sports broadcast schedules and entertainment programming content deliveries, subsequent to COVID-19-related delays in Q4 2021.

**BCE capital expenditures** of \$1,638 million in Q4 2022 increased by \$172 million or 11.7%, compared to the same period last year. This corresponded to a capital intensity ratio of 25.4%, up 1.8 pts over Q4 2021. The increase in capital spending was driven by higher year-over-year spending in our wireline and wireless segments of \$110 million and \$35 million, respectively, mainly due to the ongoing deployment of our wireline FTTP and wireless 5G networks. Bell Media capital expenditures also increased year over year by \$27 million, reflecting greater investments to support the expansion of the distribution of our OTT services.



## 7 MD&A Selected annual and quarterly information

**BCE severance, acquisition and other costs** of \$19 million in Q4 2022 decreased by \$44 million, compared to Q4 2021, mainly due to lower severance costs related to involuntary and voluntary employee terminations and lower acquisition and other costs.

**BCE depreciation** of \$922 million in Q4 2022 decreased by \$3 million, year over year, mainly due to lower accelerated depreciation of 4G network elements as we transition to 5G, partly offset by a higher asset base as we continued to invest in our broadband and wireless networks as well as our IPTV services.

**BCE amortization** of \$270 million in Q4 2022 increased by \$19 million, year over year, mainly due to a higher asset base.

**BCE interest expense** of \$319 million in Q4 2022 increased by \$44 million, compared to Q4 2021, mainly due to higher average debt balances and higher average interest rates, partly offset by higher capitalized interest.

**BCE impairment of assets** of \$150 million in Q4 2022 is mainly due to impairment charges for French TV channels within our Bell Media segment as a result of a reduction in advertising demand in the industry resulting from global 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.

**BCE other income** of \$19 million in Q4 2022 decreased by \$7 million, year over year, mainly due to lower net mark-to-market gains on derivatives used to economically hedge equity settled share-based compensation plans and higher losses on investments related to an obligation to repurchase at fair value the minority interest in one of our subsidiaries,

partly offset by higher income on our equity investments due to a loss recorded in Q4 2021 on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures and higher income on operations from our equity investments.

**BCE income taxes** of \$222 million in Q4 2022 decreased by \$27 million, compared to Q4 2021, mainly as a result of lower taxable income.

**BCE net earnings attributable to common shareholders** of \$528 million in Q4 2022, or \$0.58 per share, were lower than the \$625 million, or \$0.69 per share, reported in Q4 2021. The year-over-year decrease was mainly due to higher impairment of assets, higher interest expense and higher amortization, partly offset by lower severance, acquisition and other costs, lower income taxes and higher net return on post-employment benefit plans. Adjusted net earnings decreased to \$654 million in Q4 2022, compared to \$692 million in Q4 2021, and adjusted EPS decreased to \$0.71 from \$0.76 in Q4 2021.

**BCE cash flows from operating activities** was \$2,056 million in Q4 2022 compared to \$1,743 million in Q4 2021. The increase is mainly attributed to higher cash from working capital due to timing of supplier payments, lower contributions to post-employment benefit plans due to a partial contribution holiday in 2022 and lower severance and other costs paid, partly offset by higher interest paid and higher income taxes paid.

**BCE free cash flow** generated in Q4 2022 was \$376 million, compared to \$229 million in Q4 2021. The increase was mainly attributable to higher cash flows from operating activities, excluding acquisition and other costs paid, partly offset by higher capital expenditures.

## Seasonality considerations

Some of our segments' revenues and expenses vary slightly by season, which may impact quarter-to-quarter financial results. Over the past eight quarters, the COVID-19 pandemic has impacted our business. While the unfavourable effects of the COVID-19 pandemic on our financial and operating performance moderated in 2022, it is difficult to estimate the impacts that the COVID-19 pandemic could have in the future on our business or financial results due to uncertainties relating to the severity and duration of the COVID-19 pandemic and possible further resurgences in the number of COVID-19 cases, including as a result of the potential emergence of other variants, and various potential outcomes. Therefore, the typical seasonal variations described below may not fully reflect the trends experienced during the COVID-19 pandemic, which affected and continues to affect customer behaviour and spending, as well as the way we operate our business. Accordingly, it is difficult at this time to estimate the ultimate duration of the COVID-19 pandemic or the extent of its impact on the seasonality trends that normally characterize our business.

**Bell Wireless** operating results 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.

**Bell Wireline** revenue tends 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 operating results.

**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), Distributel 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 is implementing a wholesale facilities-based mobile virtual network operator (MVNO) access service. Lower mandated wholesale rates or the imposition of unfavourable terms for mandated services could 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, Distributel 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.

#### New policy direction

On February 13, 2023, the Government of Canada adopted a new policy direction to the CRTC in respect of telecommunications services. The new policy direction replaces existing policy directions issued in 2006 and 2019. The new policy direction retains from the 2019 version that the CRTC should consider how its decisions can promote competition, affordability, consumer interests and innovation, and adds reference to the importance of network resilience and reliability. It also directs the CRTC to adhere to a list of principles of effective regulation, to maintain or potentially expand its wholesale regimes for fixed Internet and mobile wireless services, and to take certain steps to enhance and protect the rights of consumers of telecommunications services. At this time, it is unclear what impact, if any, the new policy direction could have on our business and financial results, including our ability to continue to invest at the same levels as we have in the past.

## Review of mobile wireless services

On February 28, 2019, the CRTC launched its planned review of the regulatory framework for mobile wireless services. The main issues in the CRTC's consultation included (i) competition in the retail market; (ii) the current wholesale mobile wireless service regulatory framework, with a focus on wholesale MVNO access; and (iii) the future of mobile wireless services in Canada, with a focus on reducing barriers to infrastructure deployment. On April 15, 2021, the CRTC released its decision, which requires Bell Mobility, Rogers Communications Canada Inc. (Rogers Canada), Telus Communications Inc. (Telus Communications) 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. The terms and conditions for MVNO access will be established in tariffs to be approved by the CRTC. The rate for MVNO access will not be subject to the CRTC tariff regime but instead is to be commercially negotiated between the parties with final offer arbitration 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 Canada and Telus Communications 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 Canada, Telus Communications and SaskTel filed proposed tariff terms and conditions for the mandated MVNO access service and Bell Mobility, Rogers Canada and Telus Communications 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 Canada and Telus Communications 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 Canada, Telus Communications and SaskTel, and directed them to file revised tariffs reflecting these determinations within 30 days. In the decision, the CRTC directed Bell Mobility, Rogers Canada, Telus Communications 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 Canada, Telus Communications 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.

## Mandated disaggregated wholesale access to FTTP networks

On July 22, 2015, in Telecom Regulatory Policy CRTC 2015-326, the CRTC mandated the introduction of a new disaggregated wholesale high-speed access service, including over FTTP facilities. The first stage of its implementation took place only in Ontario and Québec. This adverse regulatory decision may impact the specific nature, magnitude, location and timing of our future FTTP investment decisions. In particular, the introduction by the CRTC of mandated wholesale services over FTTP undermines the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, particularly in smaller communities and rural areas.

On August 29, 2017, in Telecom Order CRTC 2017-312, the CRTC set interim rates for the new disaggregated wholesale high-speed access service. The final rates remain to be determined. On June 11, 2020, the CRTC launched a new proceeding (refer to *Review of network configuration for disaggregated wholesale access* below) to reconsider the network configuration of the disaggregated wholesale high-speed access service it mandated in 2015 and suspended the finalization of the interim rates and terms of tariff that were set in 2017 until further notice. The mandating of final rates that are materially different from the rates we proposed could further impact our investment strategy, improve the business position of our competitors and adversely impact our financial results.

## CNOC's application on retail FTTP broadband services

On January 8, 2021, Canadian Network Operators Consortium Inc. (CNOC) filed an application with the CRTC asking for an order mandating Bell Canada and other large providers to sell retail FTTP broadband services to ISPs, at a mandated discount off the retail price. ISPs would then resell these services under their own brands. CNOC proposed that this mandated access to retail FTTP services would last until the CRTC completes its reviews of all current and near-term proceedings related to wholesale high-speed services. The implementation of CNOC's proposal would undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, particularly in smaller communities and rural areas, as well as improve the business position of our competitors and adversely impact our financial results.

## 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 Canada, Shaw and Vidéotron Ltée) and Telus Communications, 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 and ensures a better climate for much-needed investment in advanced networks. 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. The decision was also challenged in three petitions brought by TekSavvy, CNOC and National Capital Freenet before Cabinet but, on May 26, 2022, Cabinet announced it would not alter the decision.

### **Review of network configuration for disaggregated wholesale access**

On June 11, 2020, the CRTC launched a proceeding to reconsider the network configuration of the disaggregated wholesale high-speed access service mandated of Bell Canada and large cable carriers. The consultation aims to adopt a model applicable to wholesale providers across the country. It may also result in the adoption of a different level of disaggregation for Bell Canada than had been mandated in 2015 as discussed under *Mandated disaggregated wholesale access to FTTP networks* above. The launch of this new consultation has suspended the finalization of the rates of Bell Canada's existing disaggregated high-speed access service, which will remain at their current interim level until further notice. Revisions that facilitate reseller access to disaggregated wholesale access and/or the mandating of final rates that are materially different from the rates Bell Canada has proposed could undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, improve the business position of resellers of high-speed access services and adversely impact our financial results.

### **TekSavvy's application regarding undue preference in wholesale high-speed access rates and services**

On January 20, 2023, TekSavvy filed an application with the CRTC in which it alleges that Rogers Canada and Bell Canada engaged in undue preference in contravention of the *Telecommunications Act*. Specifically, TekSavvy claimed that Rogers Canada and Bell Canada entered into off-tariff agreements (OTAs) with Vidéotron Ltée and EBOX, respectively. With respect to Bell Canada and EBOX, TekSavvy alleges that Bell Canada provided EBOX with preferential wholesale high-speed access rates and/or wholesale aggregated high-speed access over FTTP, a service not available to other competitors. TekSavvy asked the CRTC to commence an investigation into the alleged OTAs and to provide interim relief, such as adopting the rates for wholesale aggregated high-speed access set in its August 15, 2019 decision (which were largely invalidated by the CRTC in Decision 2021-182, see *Review of wholesale FTTN high-speed access service rates* above) or mandating wholesale aggregated access to FTTP at retail-minus rates (which is similar to CNOC's pending application discussed under *CNOC's application on retail FTTP broadband services* above). We believe the application, at least in regards to EBOX and Bell Canada, has no merit because it is based on some factual assumptions which are not accurate. Nonetheless, it is unclear what impact, if any, the results of the proceeding could have on our business and financial results.

### **Review of the approach to rate setting for wholesale telecommunications services**

On April 24, 2020, the CRTC launched a proceeding to reconsider the current approach used by the CRTC to set rates for mandated wholesale telecommunications services. The proceeding aims to consider the most appropriate methodology for ensuring that such rates are just and reasonable and are established in an efficient manner. This may result in the adoption of a new costing approach that substantially differs from the current Phase II costing methodology. Phase II is a prospective incremental costing methodology currently used by the CRTC to determine rates for regulated wholesale services. If the current Phase II costing methodology is revised or replaced, the impact of such changes may result in more efficient and transparent rate setting, or it may result in a rate-setting process that favours resellers and undermines incentives for facilities-based investment. At this time, it is unclear what impact, if any, the results of the proceeding could have on our business and financial results.

### **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 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. The decision requires large ILECs to update their applicable tariffs to incorporate the new determinations by April 3, 2023. We are analyzing the impacts of the decision and assessing our operational and regulatory next steps.

### 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 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 February 2, 2022, the Government of Canada tabled Bill C-11, *An Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*. Key among the proposed amendments in Bill C-11 is that foreign online broadcasting undertakings doing business in Canada could be required to contribute to the Canadian broadcasting system in a manner that the CRTC deems appropriate. The specifics of such contribution would be determined through the CRTC's public consultation processes and enforced by way of conditions imposed by the CRTC. Bill C-11 passed third reading in the House of Commons on June 15, 2022 and it passed third reading in the Senate of Canada on February 2, 2023. It will return to the House of Commons for review of the changes from the Senate of Canada and will likely require further review by the Senate of Canada if the House of Commons does not accept all the changes the Senate of Canada has proposed before receiving royal assent. Bill C-11 would result in the elimination of CRTC Part II Licence Fees whereby the broadcasting industry pays an annual tax of approximately \$120 million per year. It is unknown when and if Bill C-11 will receive royal assent, when and if any adopted reforms would come into force, and whether the elimination of Part II Licence Fees would be included in the final version of the Act. Therefore, the impact that the legislative changes could have on our business and financial results is unclear at this time.

## 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.

### Decision on 3800 MHz spectrum licensing framework

On June 30, 2022, ISED released its decision on the technical, policy and licensing framework to govern the auction and use of spectrum licences in the 3800 MHz band. ISED will implement 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. The auction is scheduled to begin October 24, 2023. It is unclear what impact the results of this decision could have on our business and financial results.

### 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 April 5, 2022, the Government of Canada tabled Bill C-18, *An Act respecting online communications platforms that make news content available to persons in Canada* (the Online News Act). Bill C-18 would require digital news intermediaries, such as Google and Facebook, 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, as currently drafted, would entitle Bell Media's general news services, such as CTV and Noovo, to compensation. Bill C-18 passed third reading through the House of Commons on December 14, 2022, and it is currently in second reading before the Senate of Canada, after which it will be studied by the Standing Senate Committee on Transport and Communications before returning to the Senate for third reading. It is unknown when and if Bill C-18 will receive royal assent, when and if any adopted reforms would come into force, and the level of compensation that may be established under the Bill. Therefore, the impact that the legislative changes could have on our business and financial results is unclear at this time.

## 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, the COVID-19 pandemic 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
<b>Competitive environment</b>	Section 3.3, <i>Principal business risks</i> Section 5, <i>Business segment analysis</i> ( <i>Competitive landscape and industry trends</i> section for each segment)
<b>Regulatory environment</b>	Section 3.3, <i>Principal business risks</i> Section 8, <i>Regulatory environment</i>
<b>Security management and data governance</b>	Section 3.3, <i>Principal business risks</i>
<b>Risks specifically relating to our Bell CTS and Bell Media segments</b>	Section 5, <i>Business segment analysis</i> ( <i>Principal business risks</i> 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.

### Technology/infrastructure transformation



**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. The failure to accurately assess the potential of new technologies, or to invest and evolve in the appropriate direction in an environment of changing business models, could have an adverse impact on our business and financial results.

In particular, 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, multi-edge computing, 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. 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.

## 9 MD&A Business risks

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 regulatory or court decisions may impact the specific nature, magnitude, location and timing of investment decisions. In particular, the lowering of rates by the CRTC of mandated wholesale services over FTTP, the imposition of unfavourable terms or the adoption of unfavourable rates in arbitration processes associated with the facilities-based MVNO access service the CRTC is implementing, 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 affecting the achievement of our desired technology/infrastructure transformation include the following:

- The current global economic uncertainty and the COVID-19 pandemic may bring about further incremental costs, delays or unavailability of equipment and materials, as well as unavailability of our employees, or those of our suppliers or contractors, due to workforce reduction initiatives, government actions, illness, or other restrictive measures, which may impact our ability to expand our networks or to start, advance or complete both currently planned network deployment projects and other projects
- Challenges in hiring, retaining and developing technical and skilled resources could adversely impact transformation activities
- 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
- Suboptimal capital deployment in network build, infrastructure and process upgrades, and customer service improvements, could hinder our ability to compete effectively

- The successful deployment of WTTTP and 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 and WTTTP 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 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.

## Customer experience



**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. However, complexity in our operations resulting from 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, 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. These challenges may be exacerbated as services become more complex. 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 uncertainty and the COVID-19 pandemic may bring about the unavailability of certain employees, or those of our suppliers or contractors, due to workforce reduction initiatives, government actions, illness or other restrictive measures, 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 in response to the COVID-19 pandemic and the resulting shift to online



transactions amid store closures, and we seek to provide the necessary platforms for customers to research, interact, purchase and 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 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 the context of a tight labour market.

Customers' perception of our products, services, brand and corporate image is also important. Embracing topics that matter to the stakeholder value proposition, such as increasing our focus on ESG topics and on 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.

## People



**Our people are central to our success and attracting, developing and retaining a diverse and talented team capable of furthering our strategic imperatives is essential to driving a winning culture and outstanding performance**

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 recently intensified, as retiring workers, limited immigration due to restrictions related to the COVID-19 pandemic, 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 is essential to support evolving business priorities in the context of an ongoing business transformation impacting job nature and skill sets. Failure to appropriately train, motivate, remunerate or deploy employees on initiatives that further our strategic imperatives, 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. Labour shortages 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. Team members and organizations that share values also share a bigger purpose, and this match is critical to creating a long-lasting, successful and motivating place to work. 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. 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.

The COVID-19 pandemic introduced new, and amplified existing, people-related risks. From the beginning of the COVID-19 pandemic, we prioritized the health and safety of our team, including implementing strict sanitation and safety procedures, accelerated remote work arrangements, and providing enhanced access to workplace mental health services. This led to the introduction of our Bell Workways program to help team members and leaders in managing 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). As we move forward with this approach, we must nonetheless continue to manage health and safety concerns related to the COVID-19 pandemic in relation to our regular daily activities. In addition, flexible work models require a cultural shift and may bring potential volatility, which could impact business activities. Should we fail to establish an optimal post-pandemic work arrangement and develop new leadership skills necessary in the context of a new hybrid model, this 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 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 43% of BCE employees were represented by unions and were covered by collective agreements at December 31, 2022. 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 and improved efficiencies. 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. 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. Stay-at-home and work-from-home measures implemented by governments and businesses during the COVID-19 pandemic have further impacted the nature of our customers' use of our networks, products and services. This has created increased capacity pressure on certain areas of our wireless, wireline and broadcast media networks in a short period of time. As a result of taking various steps to maintain service continuity, our networks have, in general, adequately sustained such increased usage, but there can be no assurance that this will continue to be the case. We may also need to incur significant capital expenditures in order to provide additional capacity and reduce network congestion. Home offices can be anywhere in the country and network performance and/or reliability may vary depending on the location. The recent trend for families to move from urban centres to less urbanized areas also 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 network and other infrastructure, as well as the network 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 and financial performance. Furthermore, we may need to manage the possibility of instability 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 network 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, this may lead to inconsistent performance and dissatisfied customers, which over time could result in higher churn.

Further examples of risks to operational performance that could impact our reputation, business operations and financial performance include the following:

- The current global economic uncertainty and the COVID-19 pandemic may bring about further incremental costs, delays or unavailability of equipment and materials, as well as unavailability of our employees or those of our suppliers or contractors, due to workforce reduction initiatives, government actions, illness, or other restrictive measures, 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 flexible work models and the availability of employees with the required skill set in the context of a tight labour market) 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 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 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 forces, 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 uncertainty and the COVID-19 pandemic may bring about further incremental costs, delays or unavailability of equipment and materials, as well as unavailability of our employees or those of our suppliers or contractors, any of 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.

**Vendor management/supply chain**



**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.

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.

## 9 MD&A Business risks

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 uncertainty, the COVID-19 pandemic, 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, could impact sales and execution of our strategic imperatives and adversely affect our business and financial results.
- The current global economic uncertainty 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 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 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 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 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 embracing 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. 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 climate change could exacerbate certain of the threats facing our business, including the frequency and severity of weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis. These events could have a destructive impact on our telecommunications network infrastructure, which could affect our ability to deliver communications services that are critical to our customers and society, and significantly increase the cost of repairs. In addition, rising mean temperatures and extended heat waves could increase the need for cooling or heating capacity in our network infrastructure, thus increasing our energy consumption and associated costs. In order to enhance our resiliency to these increasing or decreasing temperatures, we may need to increase our investments in our infrastructure, which would lead 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, which in turn could impact our business. Given that some of our third-party suppliers and outsourcers are located in foreign countries, 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, and recovery and recycling of end-of-life electronic products we sell or lease.

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 commitments 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**

In addition to risks related to the COVID-19 pandemic, other pandemics, epidemics and other health risks could occur, 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 also 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.

## 9 MD&A Business risks

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 report on our management of social issues and to achieve our social commitments 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 litigation and significant fines and penalties, and result in reputational harm or being disqualified from bidding on contracts. While we have developed and implemented strong 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**

Our GHG emissions reduction targets rely in large part on our ability to implement sufficient corporate and business initiatives in order to reduce GHG emissions to the desired levels as reflected in such targets. 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 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.

The achievement of our target to be carbon neutral for our operational GHG emissions starting in 2025 and of our SBTs may require that we purchase carbon credits and/or renewable energy certificates, as applicable. Should a sufficient quantity of credible credits or certificates be unavailable, should their cost of acquisition be considered too onerous, or should regulations, applicable standards, public perception or other factors limit the number of credits or certificates that we can purchase, the achievement of our GHG emission reduction targets could be negatively impacted.

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 SBTs 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 SBTs relating to purchased goods and services could be negatively impacted should we fail to achieve the required level of engagement 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 control 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 partners in reducing their own GHG emissions. Accordingly, failure to obtain our suppliers' and partners' 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.

## 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 current credit ratings and a ratings downgrade could result in adverse consequences for our funding capacity or our ability to access the capital markets. 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, such as the COVID-19 pandemic and geopolitical events. The current global economic uncertainty 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 uncertainty and potential recession, higher inflation and higher 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 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.

### **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 2022 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 reduce costs as well as unexpected increases in costs could adversely affect our ability to achieve our strategic imperatives and financial guidance**

Our objectives for targeted cost reductions continue to be aggressive 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:

- Increased 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 the COVID-19 pandemic and geopolitical events could continue for an undetermined period of time
- Increased 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

## 9 MD&A Business risks

- 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 current global economic uncertainty and recent geopolitical events, which have given rise to sharp increases in energy prices, 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

### **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 uncertainty could further result in 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
- Subscription fraud on accounts established with a false identity or paid with a stolen credit card
- Fraudulent (unauthorized) access to, and manipulation of, customer accounts, including through sim-swap and port out fraud
- Network usage fraud such as call/sell operations using our wireline or wireless networks
- 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 such as the effects of the COVID-19 pandemic, economic and financial market conditions such as higher interest rates and inflation, supply chain disruptions and the increasing risk of recession, 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, plan demographics, and applicable regulations and actuarial standards. Changes in these factors, including changes caused by the current global economic uncertainty, the COVID-19 pandemic 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.



## 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, *Significant accounting policies*, in BCE's 2022 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 such as the effects of the COVID-19 pandemic, economic and financial market conditions such as higher interest rates and inflation, supply chain disruptions and the increasing risk of recession, 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.

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 2022 – increase/(decrease)			Impact on post-employment benefit obligations at December 31, 2022 – increase/(decrease)	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(83)	72	(1,022)	1,123
Cost of living indexation rate	0.5%	46	(38)	907	(752)
Life expectancy at age 65	1 year	29	(31)	612	(634)

### 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 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 global 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.

During the second quarter of 2021, we identified indicators of impairment for our Bell Media radio markets, notably a decline in advertising revenue and an increase in the discount rate resulting from the impact of the ongoing COVID-19 pandemic. Accordingly, impairment testing was required for our group of radio CGUs.

During Q2 2021, we recognized \$163 million of impairment charges for various radio markets within our Bell Media segment. These charges included \$150 million allocated to indefinite-life intangible assets for broadcast licences, and \$13 million to property, plant and equipment mainly for buildings and network infrastructure and equipment. They were 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 July 1, 2021 to December 31, 2026, using a discount rate of 8.5% and a perpetuity growth rate of (2.0%), as well as market multiple data from public companies and market transactions. After impairments, the carrying value of our group of radio CGUs was \$235 million.

### 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 rising interest rates and inflation. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the

## 10 MD&A Accounting policies

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 2022 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 estimates of recoverable amounts of the Bell Wireless and Bell Wireline groups of CGUs are based would not cause their carrying amounts to exceed their recoverable amounts.

For the Bell Media group of CGUs, a decrease of (0.9%) in the perpetuity growth rate or an increase of 0.6% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

There were no goodwill impairment charges in 2022 or 2021.

### 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 and clarifications to accounting standards issued by the IASB.

Standard	Description	Impact
<b>Onerous Contracts – Cost of Fulfilling a Contract, Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets</b>	These amendments clarify which costs should be included in determining the cost of fulfilling a contract when assessing whether a contract is onerous.	These amendments were adopted effective January 1, 2022 and did not have a significant impact on our financial statements.
<b>IFRIC Agenda Decision on Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 – Statement of Cash Flows)</b>	In April 2022, IFRIC issued an agenda decision clarifying that an entity should present a demand deposit with restrictions on use arising from a contract with a third party as cash and cash equivalents in the statements of financial position and cash flows, unless those restrictions change the nature of the deposit such that it no longer meets the definition of cash in IAS 7.	In 2022, we applied this agenda decision retrospectively to each prior period presented, the impact of which was limited to the classification of funding of \$97 million received in Q1 2021 under a subsidy agreement with the Government of Québec. The application of this agenda decision resulted in the following: <ul style="list-style-type: none"> <li>an increase in <i>Cash</i> of \$82 million with a corresponding decrease in <i>Other current assets</i> in the statement of financial position as at December 31, 2021</li> <li>an increase in <i>Capital expenditures</i> and <i>Other financing activities</i> of (\$15) million and \$97 million, respectively, for the year ended December 31, 2021 in the statement of cash flows</li> <li>no impact in the statement of financial position as at January 1, 2021 as the funding was received in Q1 2021.</li> </ul>

## Future changes to accounting standards

The following amendments to standards issued by the IASB have an effective date after December 31, 2022 and have not yet been adopted by BCE.

Standard	Description	Impact	Effective date
<b>Disclosure of Accounting Policies – Amendments to IAS 1 – Presentation of Financial Statements</b>	These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies.	We are currently assessing the impact of these amendments on the disclosure of our accounting policies.	Effective for annual reporting periods beginning on or after January 1, 2023. Early application is permitted.

# 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 International Financial Reporting Standards (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 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 2022	Q4 2021	2022	2021
Net earnings attributable to common shareholders	528	625	2,716	2,709
Reconciling items:				
Severance, acquisition and other costs	19	63	94	209
Net mark-to-market (gains) losses on derivatives used to economically hedge equity settled share-based compensation plans	(27)	(57)	53	(278)
Net equity losses on investments in associates and joint ventures	–	35	42	49
Net losses (gains) on investments	29	6	(24)	6
Early debt redemption costs	–	–	18	53
Impairment of assets	150	30	279	197
Income taxes for the above reconciling items	(37)	(9)	(117)	(48)
NCI for the above reconciling items	(8)	(1)	(4)	(2)
<b>Adjusted net earnings</b>	<b>654</b>	<b>692</b>	<b>3,057</b>	<b>2,895</b>

## Adjusted net interest expense

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 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.

We use adjusted net interest expense as 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*. We use, and believe that certain investors and analysts use, the adjusted EBITDA to adjusted net interest expense ratio, among other measures, to evaluate the financial health of the company.

## 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.

In Q3 2022, we updated our definition of available liquidity to exclude amounts available under committed credit facilities that may only be used for a pre-determined purpose given that such amounts are not for general use by our businesses. This update was made subsequent to a new committed non-revolving credit facility entered into in Q3 2022 that must exclusively be used to partly fund the expansion of our broadband networks as part of government subsidy programs. See section 6.7, *Liquidity* for additional details. This change does not impact the available liquidity amounts previously presented.

We define available liquidity as cash, cash equivalents 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.

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.

	2022	2021
Net interest expense	1,124	1,063
50% of net earnings attributable to preferred shareholders	76	66
<b>Adjusted net interest expense</b>	<b>1,200</b>	<b>1,129</b>

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, 2022	December 31, 2021
Cash	99	289
Cash equivalents	50	–
Amounts available under our securitized receivables program <sup>(1)</sup>	700	400
Amounts available under our committed bank credit facilities <sup>(2)</sup>	2,651	2,789
<b>Available liquidity</b>	<b>3,500</b>	<b>3,478</b>

(1) At December 31, 2022 and December 31, 2021, respectively, \$700 million and \$400 million was available under our securitized receivables program, under which we borrowed \$1,173 million in U.S. dollars (\$1,588 million in Canadian dollars) and \$900 million in Canadian dollars as at December 31, 2022 and December 31, 2021, respectively. Loans secured by receivables are included in Debt due within one year in our consolidated financial statements.

(2) At December 31, 2022 and December 31, 2021, respectively, \$2,651 million and \$2,789 million were available under our committed bank credit facilities, given outstanding commercial paper of \$627 million in U.S. dollars (\$849 million in Canadian dollars) and \$561 million in U.S. dollars (\$711 million in Canadian dollars) as at December 31, 2022 and December 31, 2021, 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.

	2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Cash flows from operating activities	8,365	2,056	1,996	2,597	1,716
Capital expenditures	(5,133)	(1,638)	(1,317)	(1,219)	(959)
Cash dividends paid on preferred shares	(136)	(42)	(27)	(34)	(33)
Cash dividends paid by subsidiaries to NCI	(39)	(3)	(11)	(14)	(11)
Acquisition and other costs paid	10	3	1	3	3
<b>Free cash flow</b>	<b>3,067</b>	<b>376</b>	<b>642</b>	<b>1,333</b>	<b>716</b>
Dividends paid on common shares	(3,312)	(839)	(839)	(839)	(795)
<b>Excess free cash flow</b>	<b>(245)</b>	<b>(463)</b>	<b>(197)</b>	<b>494</b>	<b>(79)</b>

	2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2020
Cash flows from operating activities	8,008	1,743	1,774	2,499	1,992	7,754
Capital expenditures	(4,852)	(1,466)	(1,164)	(1,210)	(1,012)	(4,202)
Cash dividends paid on preferred shares	(125)	(32)	(31)	(31)	(31)	(132)
Cash dividends paid by subsidiaries to NCI	(86)	(45)	(13)	(15)	(13)	(53)
Acquisition and other costs paid	35	29	–	2	4	35
Cash from discontinued operations (included in cash flows from operating activities)	–	–	–	–	–	(54)
<b>Free cash flow</b>	<b>2,980</b>	<b>229</b>	<b>566</b>	<b>1,245</b>	<b>940</b>	<b>3,348</b>
Dividends paid on common shares	(3,132)	(795)	(793)	(791)	(753)	(2,975)
<b>Excess free cash flow</b>	<b>(152)</b>	<b>(566)</b>	<b>(227)</b>	<b>454</b>	<b>187</b>	<b>373</b>

## 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 and cash equivalents, 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.

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 and cash equivalents. 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, 2022	December 31, 2021
Long-term debt	27,783	27,048
Debt due within one year	4,137	2,625
50% of preferred shares	1,935	2,002
Cash	(99)	(289)
Cash equivalents	(50)	–
<b>Net debt</b>	<b>33,706</b>	<b>31,386</b>

## 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.

	2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net earnings	2,926	567	771	654	934
Severance, acquisition and other costs	94	19	22	40	13
Depreciation	3,660	922	914	933	891
Amortization	1,063	270	267	266	260
Finance costs					
Interest expense	1,146	319	298	269	260
Net return on post-employment benefit plans	(51)	(13)	(13)	(7)	(18)
Impairment of assets	279	150	21	106	2
Other expense (income)	115	(19)	130	97	(93)
Income taxes	967	222	178	232	335
<b>Adjusted EBITDA</b>	<b>10,199</b>	<b>2,437</b>	<b>2,588</b>	<b>2,590</b>	<b>2,584</b>



## 11 MD&A Non-GAAP financial measures, other financial measures and key performance indicators (KPIs)

	2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2020
Net earnings	2,892	658	813	734	687	2,473
Severance, acquisition and other costs	209	63	50	7	89	116
Depreciation	3,627	925	902	905	895	3,475
Amortization	982	251	245	248	238	929
Finance costs						
Interest expense	1,082	275	272	268	267	1,110
Net interest on post-employment benefit plans	20	5	5	5	5	46
Impairment of assets	197	30	–	164	3	472
Other (income) expense	(160)	(26)	(35)	(91)	(8)	194
Income taxes	1,044	249	306	236	253	792
<b>Adjusted EBITDA</b>	<b>9,893</b>	<b>2,430</b>	<b>2,558</b>	<b>2,476</b>	<b>2,429</b>	<b>9,607</b>

## 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*.

We use, and believe that certain investors and analysts use, the adjusted EBITDA to adjusted net interest expense ratio, among other measures, to evaluate the financial health of the company.

### 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
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA margin is defined as adjusted EBITDA divided by operating revenues.
<b>ARPU</b>	Mobile phone blended ARPU is calculated by dividing wireless operating service revenues by the average mobile phone subscriber base for the specified period and is expressed as a dollar unit per month.
<b>Capital intensity</b>	Capital intensity is defined as capital expenditures divided by operating revenues.
<b>Churn</b>	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.
<b>Subscriber unit</b>	<p>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.</p> <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> <li>• Retail Internet, IPTV and satellite TV subscribers have access to stand-alone services, and are primarily represented by a dwelling unit</li> <li>• Retail residential NAS subscribers are based on a line count and are represented by a unique telephone number</li> </ul>

## 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 Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

As at December 31, 2022, 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, 2022.

### 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, 2022, 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, 2022.

### Changes in internal control over financial reporting

No changes were made in our internal control over financial reporting during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

---

# Consolidated financial statements

## Table of Contents

Management's responsibility for financial reporting	2
Report of independent registered public accounting firm	3
Consolidated income statements	5
Consolidated statements of comprehensive income	6
Consolidated statements of financial position	7
Consolidated statements of changes in equity	8
Consolidated statements of cash flows	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
Note 1 Corporate information	10
Note 2 Significant accounting policies	10
Note 3 Segmented information	24
Note 4 Business acquisitions and disposition	28
Note 5 Operating costs	30
Note 6 Severance, acquisition and other costs	30
Note 7 Interest expense	30
Note 8 Impairment of assets	31
Note 9 Other (expense) income	32
Note 10 Income taxes	32
Note 11 Earnings per share	34
Note 12 Trade and other receivables	34
Note 13 Inventory	35
Note 14 Contract assets and liabilities	36
Note 15 Contract costs	36
Note 16 Assets held for sale	37
Note 17 Property, plant and equipment	38
Note 18 Leases	40
Note 19 Intangible assets	42
Note 20 Investments in associates and joint ventures	44
Note 21 Other non-current assets	44
Note 22 Goodwill	45
Note 23 Trade payables and other liabilities	46
Note 24 Debt due within one year	47
Note 25 Long-term debt	49
Note 26 Provisions	51
Note 27 Post-employment benefit plans	51
Note 28 Other non-current liabilities	55
Note 29 Financial and capital management	56
Note 30 Share capital	62
Note 31 Share-based payments	64
Note 32 Additional cash flow information	67
Note 33 Remaining performance obligations	68
Note 34 Commitments and contingencies	69
Note 35 Related party transactions	70
Note 36 Significant partly-owned subsidiary	71
Note 37 COVID-19	71

---

## 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) Glen LeBlanc

*Executive Vice-President and Chief Financial Officer*

(signed) Thierry Chaumont

*Senior Vice-President, Controller and Tax*

March 2, 2023

## 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2022, 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, 2022, 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 2, 2023, 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 (specifically broadcast licenses) 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 forecasts of future operating performance, and the determination of earnings before interest, taxes, depreciation and

amortization (“EBITDA”) multiples, 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 forecast future operating performance by comparing actual results to management’s historical forecasts.
- Evaluated the reasonableness of management’s forecasts of future operating performance by comparing the forecasts to:
  - Historical operating performance;
  - 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 or the industry in which it operates, including recovery from the effects of the COVID-19 pandemic 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) EBITDA multiples, (2) discount rates, and (3) 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 EBITDA multiples, discount rates and perpetuity growth rates;
  - Developing a range of independent estimates and comparing those to the EBITDA multiples, discount rates and perpetuity growth rates selected by management.

/s/ Deloitte LLP

Chartered Professional Accountants  
Montréal, Canada  
March 2, 2023

We have served as the Company's auditor since 1880.

## Consolidated income statements

FOR THE YEAR ENDED DECEMBER 31  
(IN MILLIONS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

		2022	2021
Operating revenues	3	<b>24,174</b>	23,449
Operating costs	3, 5	<b>(13,975)</b>	(13,556)
Severance, acquisition and other costs	6	<b>(94)</b>	(209)
Depreciation	17	<b>(3,660)</b>	(3,627)
Amortization	19	<b>(1,063)</b>	(982)
Finance costs			
Interest expense	7	<b>(1,146)</b>	(1,082)
Net return (interest) on post-employment benefit plans	27	<b>51</b>	(20)
Impairment of assets	8, 17, 19	<b>(279)</b>	(197)
Other (expense) income	9	<b>(115)</b>	160
Income taxes	10	<b>(967)</b>	(1,044)
<b>Net earnings</b>		<b>2,926</b>	2,892
<b>Net earnings attributable to:</b>			
Common shareholders		<b>2,716</b>	2,709
Preferred shareholders		<b>152</b>	131
Non-controlling interest	36	<b>58</b>	52
<b>Net earnings</b>		<b>2,926</b>	2,892
<b>Net earnings per common share - basic and diluted</b>	11	<b>2.98</b>	2.99
<b>Weighted average number of common shares outstanding - basic (millions)</b>		<b>911.5</b>	906.3



## Consolidated statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31  
(IN MILLIONS OF CANADIAN DOLLARS)

	NOTE	2022	2021
<b>Net earnings</b>		<b>2,926</b>	2,892
<b>Other comprehensive income, net of income taxes</b>			
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 \$118 million and (\$23) million for 2022 and 2021, respectively		<b>(321)</b>	63
Items that will not be reclassified to net earnings			
Actuarial gains on post-employment benefit plans, net of income taxes of (\$151) million and (\$653) million for 2022 and 2021, respectively	27	<b>415</b>	1,780
Net change in value of publicly-traded and privately-held investments, net of income taxes of (\$19) million and nil for 2022 and 2021, respectively		<b>30</b>	24
Net change in value of derivatives designated as cash flow hedges, net of income taxes of (\$21) million and (\$1) million for 2022 and 2021, respectively		<b>58</b>	4
<b>Other comprehensive income</b>		<b>182</b>	1,871
<b>Total comprehensive income</b>		<b>3,108</b>	4,763
<b>Total comprehensive income attributable to:</b>			
Common shareholders		<b>2,891</b>	4,578
Preferred shareholders		<b>152</b>	131
Non-controlling interest	36	<b>65</b>	54
<b>Total comprehensive income</b>		<b>3,108</b>	4,763

## Consolidated statements of financial position

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	2	99	289
Cash equivalents		50	—
Trade and other receivables	12	4,138	3,949
Inventory	13	656	482
Contract assets	14	436	414
Contract costs	15	540	507
Prepaid expenses		244	254
Other current assets	2	324	253
Assets held for sale	16	—	50
<b>Total current assets</b>		<b>6,487</b>	<b>6,198</b>
<b>Non-current assets</b>			
Contract assets	14	288	251
Contract costs	15	603	387
Property, plant and equipment	17	29,256	28,235
Intangible assets	19	16,183	15,570
Deferred tax assets	10	84	105
Investments in associates and joint ventures	20	608	668
Post-employment benefit assets	27	3,559	3,472
Other non-current assets	21	1,355	1,306
Goodwill	22	10,906	10,572
<b>Total non-current assets</b>		<b>62,842</b>	<b>60,566</b>
<b>Total assets</b>		<b>69,329</b>	<b>66,764</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	23	5,221	4,455
Contract liabilities	14	857	799
Interest payable		281	247
Dividends payable		867	811
Current tax liabilities		106	141
Debt due within one year	24	4,137	2,625
Liabilities held for sale	16	—	35
<b>Total current liabilities</b>		<b>11,469</b>	<b>9,113</b>
<b>Non-current liabilities</b>			
Contract liabilities	14	228	246
Long-term debt	25	27,783	27,048
Deferred tax liabilities	10	4,953	4,679
Post-employment benefit obligations	27	1,311	1,734
Other non-current liabilities	28	1,070	1,003
<b>Total non-current liabilities</b>		<b>35,345</b>	<b>34,710</b>
<b>Total liabilities</b>		<b>46,814</b>	<b>43,823</b>
Commitments and contingencies	34		
<b>EQUITY</b>			
<b>Equity attributable to BCE shareholders</b>			
Preferred shares	30	3,870	4,003
Common shares	30	20,840	20,662
Contributed surplus	30	1,172	1,157
Accumulated other comprehensive (loss) income		(55)	213
Deficit		(3,649)	(3,400)
<b>Total equity attributable to BCE shareholders</b>		<b>22,178</b>	<b>22,635</b>
<b>Non-controlling interest</b>	36	<b>337</b>	<b>306</b>
<b>Total equity</b>		<b>22,515</b>	<b>22,941</b>
<b>Total liabilities and equity</b>		<b>69,329</b>	<b>66,764</b>

## Consolidated statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN MILLIONS OF CANADIAN DOLLARS)	ATTRIBUTABLE TO BCE SHAREHOLDERS							NON-CONTR-OLLING INTEREST	TOTAL EQUITY
	NOTE	PREFERRED SHARES	COMMON SHARES	CONTRI-BUTED SURPLUS	ACCUM-ULATED OTHER COMPRE-HENSIVE INCOME (LOSS)	DEFICIT	TOTAL		
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
<b>Total comprehensive (loss) income</b>		—	—	—	(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
<b>Balance at December 31, 2022</b>		<b>3,870</b>	<b>20,840</b>	<b>1,172</b>	<b>(55)</b>	<b>(3,649)</b>	<b>22,178</b>	<b>337</b>	<b>22,515</b>

FOR THE YEAR ENDED DECEMBER 31, 2021 (IN MILLIONS OF CANADIAN DOLLARS)	ATTRIBUTABLE TO BCE SHAREHOLDERS							NON-CONTR-OLLING INTEREST	TOTAL EQUITY
	NOTE	PREFERRED SHARES	COMMON SHARES	CONTRI-BUTED SURPLUS	ACCUM-ULATED OTHER COMPRE-HENSIVE INCOME	DEFICIT	TOTAL		
Balance at December 31, 2020		4,003	20,390	1,174	103	(4,681)	20,989	340	21,329
Net earnings		—	—	—	—	2,840	2,840	52	2,892
Other comprehensive income		—	—	—	90	1,779	1,869	2	1,871
<b>Total comprehensive income</b>		—	—	—	90	4,619	4,709	54	4,763
Common shares issued under employee stock option plan	30	—	272	(10)	—	—	262	—	262
Other share-based compensation	30	—	—	(7)	—	(32)	(39)	—	(39)
Dividends declared on BCE common and preferred shares		—	—	—	—	(3,306)	(3,306)	—	(3,306)
Dividends declared by subsidiaries to non-controlling interest		—	—	—	—	—	—	(87)	(87)
Settlement of cash flow hedges transferred to the cost basis of hedged items		—	—	—	20	—	20	—	20
Other		—	—	—	—	—	—	(1)	(1)
<b>Balance at December 31, 2021</b>		<b>4,003</b>	<b>20,662</b>	<b>1,157</b>	<b>213</b>	<b>(3,400)</b>	<b>22,635</b>	<b>306</b>	<b>22,941</b>

## Consolidated statements of cash flows

FOR THE YEAR ENDED DECEMBER 31  
(IN MILLIONS OF CANADIAN DOLLARS)

	NOTE	2022	2021
<b>Cash flows from operating activities</b>			
Net earnings		2,926	2,892
Adjustments to reconcile net earnings to cash flows from operating activities			
Severance, acquisition and other costs	6	94	209
Depreciation and amortization	17, 19	4,723	4,609
Post-employment benefit plans cost	27	198	286
Net interest expense		1,124	1,063
Impairment of assets	8	279	197
(Gains) losses on investments	9	(24)	6
Income taxes	10	967	1,044
Contributions to post-employment benefit plans	27	(140)	(282)
Payments under other post-employment benefit plans	27	(64)	(65)
Severance and other costs paid		(129)	(208)
Interest paid		(1,197)	(1,080)
Income taxes paid (net of refunds)		(749)	(913)
Acquisition and other costs paid		(10)	(35)
Change in contract assets	14	(59)	278
Change in wireless device financing plan receivables	12	22	(365)
Net change in operating assets and liabilities		404	372
<b>Cash flows from operating activities</b>		<b>8,365</b>	<b>8,008</b>
<b>Cash flows used in investing activities</b>			
Capital expenditures	2, 3	(5,133)	(4,852)
Business acquisitions		(429)	(12)
Business dispositions	9, 16	52	—
Spectrum licences	19	(3)	(2,082)
Other investing activities		(4)	(72)
<b>Cash flows used in investing activities</b>		<b>(5,517)</b>	<b>(7,018)</b>
<b>Cash flow used in financing activities</b>			
Increase in notes payable		111	351
Increase (decrease) in securitized receivables	24	700	(150)
Issue of long-term debt	25	1,951	4,985
Repayment of long-term debt	25	(2,023)	(2,751)
Issue of common shares	30	171	261
Purchase of shares for settlement of share-based payments	31	(255)	(297)
Repurchase of preferred shares	30	(125)	—
Cash dividends paid on common shares		(3,312)	(3,132)
Cash dividends paid on preferred shares		(136)	(125)
Cash dividends paid by subsidiaries to non-controlling interest		(39)	(86)
Other financing activities	2	(31)	19
<b>Cash flow used in financing activities</b>		<b>(2,988)</b>	<b>(925)</b>
Net (decrease) increase in cash		(190)	65
Cash at beginning of year		289	224
<b>Cash at end of year</b>		<b>99</b>	<b>289</b>
Net increase in cash equivalents		50	—
Cash equivalents at beginning of year		—	—
<b>Cash equivalents at end of year</b>		<b>50</b>	<b>—</b>

# 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 2, 2023.

---

## Note 2 Significant 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. Subsidiaries are entities we control, where control is achieved when the company is exposed or has the right to variable returns from its involvement with the investee and has the current ability to direct the activities of the investee that significantly affect the investee's returns.

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. Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies to ours. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Changes in our ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, with no effect on net earnings or on Other comprehensive income. Any difference between the change in the carrying amount of non-controlling interest (NCI) and the consideration paid or received is attributed to owner's equity.

---

### 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.

#### **WIRELESS SEGMENT REVENUES**

Our Wireless segment principally generates revenue from providing integrated digital wireless voice and data communications products and services to residential and business customers.

We recognize product revenues from the sale of wireless handsets and devices when a customer takes possession of the product. We recognize wireless service revenues over time, as the services are provided. For bundled arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate.

For wireless products and services that are sold separately, customers usually pay in full at the point 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.

#### **WIRELINE SEGMENT REVENUES**

Our Wireline segment principally generates revenue from providing data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, satellite TV service and connectivity, as well as other communications services and products to residential and business customers. Our Wireline segment also includes revenues from our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

We recognize product revenues from the sale of 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. For bundled arrangements, stand-alone selling prices are determined using observable

prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

For wireline customers, products are usually paid in full at the point 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.

## **MEDIA SEGMENT REVENUES**

Our Media segment principally generates revenue from conventional TV, specialty TV, digital media, radio broadcasting and OOH advertising and subscriber fees from specialty TV, pay TV and streaming services.

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.

---

## **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). The value of an ESP at the grant date is equal to the value of one BCE common share. We credit contributed surplus for the ESP expense recognized over the two-year vesting period, based on management's estimate of the accrued employer contributions that are expected to vest. 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 based on the number of RSUs/PSUs expected to vest over the term of the vesting period, with a corresponding credit to contributed surplus. The value of a RSU at the grant date is equal to the value of one BCE common share. The value of a 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.

Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs/PSUs that are expected to vest. The effect of these changes is recognized in the period of the change. 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. 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. We credit contributed surplus for the fair value of DSUs at the issue date. 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

We use a fair value-based method to measure the cost of our employee 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, based on the number of stock options that are expected to vest. Compensation expense is adjusted for subsequent changes in management's estimate of the number of stock options that are expected to vest.

We credit contributed surplus for stock option expense recognized over the vesting period. 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 income or directly in equity.

A current or non-current tax asset (liability) is the estimated tax receivable (payable) on taxable earnings (loss) for the current or past periods.

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. They are presented as part of *Trade and other receivables* and *Other current assets* in the statements of financial position when they are expected to be utilized in the next year. 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 ITC or government grant relates.

---

## F) Cash equivalents

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.

---

## 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 historical cost. Historical 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 is in excess of one year, at a rate that is based on our weighted average interest rate on outstanding long-term debt. Gains or losses on the sale or retirement of property, plant and equipment are recorded in *Other (expense) income* 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**

Under IAS 17, leases of property, plant and equipment are recognized as finance leases when we obtain substantially all the risks and rewards of ownership of the underlying assets. At the inception of the lease, we record 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 historical 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 combinations 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 combinations 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 our weighted average interest rate on 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) income* 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 combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination 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) income* 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) income* 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 rising 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 income* in the consolidated statements of comprehensive income (statements of comprehensive income) and are reclassified from *Accumulated other comprehensive (loss) income* 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 to manage risks related to changes in interest rates, foreign currency rates, commodity prices and cash flow exposures related to share-based payment plans, capital expenditures, long-term debt instruments and operating revenues and 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

To qualify for hedge accounting, we document the relationship between the derivative and the related identified risk exposure, and our risk management objective and strategy. This includes associating each derivative to a specific asset or liability, commitment, or anticipated transaction.

We assess the effectiveness of a derivative in managing an identified risk exposure when hedge accounting is initially applied, and on an ongoing basis thereafter. If a hedging relationship ceases to meet the qualifying criteria, we discontinue hedge accounting prospectively.

### 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) income* 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) income* in the income statements. Realized gains and losses in *Accumulated other comprehensive (loss) income* are reclassified to the income statements or to the initial cost of the 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 and committed credit facilities. Changes in the fair value of these derivatives are recognized in *Other (expense) income* 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. Changes in the fair value of these derivatives are recognized in our statements of comprehensive income, except for amounts recorded in *Other (expense) income* 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) income* in the income statements. Realized gains and losses in *Accumulated other comprehensive (loss) income* 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 equity settled share-based payment plans and anticipated purchases in foreign currencies, interest rate risk related to preferred share dividend rate resets, interest rate risk related to anticipated debt issuances and commodity price risk related to the purchase cost of fuel. As these derivatives do not qualify for hedge accounting, the changes in their fair value are recorded in the income statements in *Other (expense) income*.

---

## 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 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, 2021.

#### **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 such as the effects of the COVID-19 pandemic, economic and financial market conditions such as higher interest rates and inflation, supply chain disruptions and the increasing risk of recession, 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 and clarifications to accounting standards issued by the IASB.

STANDARD	DESCRIPTION	IMPACT
<b>Onerous Contracts – Cost of Fulfilling a Contract, Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets</b>	These amendments clarify which costs should be included in determining the cost of fulfilling a contract when assessing whether a contract is onerous.	These amendments were adopted effective January 1, 2022 and did not have a significant impact on our financial statements.
<b>IFRIC Agenda Decision on Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 – Statement of Cash Flows)</b>	In April 2022, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision clarifying that an entity should present a demand deposit with restrictions on use arising from a contract with a third party as cash and cash equivalents in the statements of financial position and cash flows, unless those restrictions change the nature of the deposit such that it no longer meets the definition of cash in IAS 7.	In 2022, we applied this agenda decision retrospectively to each prior period presented, the impact of which was limited to the classification of funding of \$97 million received in Q1 2021 under a subsidy agreement with the Government of Québec. The application of this agenda decision resulted in the following: <ul style="list-style-type: none"><li>• an increase in <i>Cash</i> of \$82 million with a corresponding decrease in <i>Other current assets</i> in the statement of financial position as at December 31, 2021</li><li>• an increase in <i>Capital expenditures</i> and <i>Other financing activities</i> of (\$15) million and \$97 million, respectively, for the year ended December 31, 2021 in the statement of cash flows</li><li>• no impact in the statement of financial position as at January 1, 2021 as the funding was received in Q1 2021.</li></ul>

## U) Future changes to accounting standards

The following amendments to standards issued by the IASB have an effective date after December 31, 2022 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
<b>Disclosure of Accounting Policies - Amendments to IAS 1 - Presentation of Financial Statements</b>	These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies.	We are currently assessing the impact of these amendments on the disclosure of our accounting policies.	Effective for annual reporting periods beginning on or after January 1, 2023. Early application is permitted.

---

---

## Note 3 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant 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.

Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media.

Bell Wireless includes wireless service revenues and product sales as well as the results of operations of our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source). Wireless services are provided to our residential, small and medium-sized business and large enterprise customers across Canada.

Bell Wireline includes data revenues (including Internet, IPTV, cloud-based services and business solutions), voice and other communication services revenues, and wireline product sales. These services are provided 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 the results of our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

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

## Segmented information

FOR THE YEAR ENDED DECEMBER 31, 2022	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER- SEGMENT ELIMINA- TIONS	BCE
Operating revenues						
External service revenues		6,821	11,231	2,904	—	20,956
Inter-segment service revenues		44	412	350	(806)	—
<b>Operating service revenues</b>		<b>6,865</b>	<b>11,643</b>	<b>3,254</b>	<b>(806)</b>	<b>20,956</b>
External product revenues		2,714	504	—	—	3,218
Inter-segment product revenues		9	1	—	(10)	—
<b>Operating product revenues</b>		<b>2,723</b>	<b>505</b>	<b>—</b>	<b>(10)</b>	<b>3,218</b>
Total external revenues		9,535	11,735	2,904	—	24,174
Total inter-segment revenues		53	413	350	(816)	—
<b>Total operating revenues</b>		<b>9,588</b>	<b>12,148</b>	<b>3,254</b>	<b>(816)</b>	<b>24,174</b>
Operating costs	5	(5,451)	(6,831)	(2,509)	816	(13,975)
<b>Adjusted EBITDA <sup>(1)</sup></b>		<b>4,137</b>	<b>5,317</b>	<b>745</b>	<b>—</b>	<b>10,199</b>
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)
<b>Net earnings</b>						<b>2,926</b>
Goodwill	22	3,046	4,914	2,946	—	10,906
Indefinite-life intangible assets	19	6,192	1,788	1,846	—	9,826
Capital expenditures		1,084	3,887	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.

FOR THE YEAR ENDED DECEMBER 31, 2021	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER- SEGMENT ELIMINA- TIONS	BCE
Operating revenues						
External service revenues		6,355	11,314	2,681	—	20,350
Inter-segment service revenues		45	358	355	(758)	—
<b>Operating service revenues</b>		<b>6,400</b>	<b>11,672</b>	<b>3,036</b>	<b>(758)</b>	<b>20,350</b>
External product revenues		2,593	506	—	—	3,099
Inter-segment product revenues		6	—	—	(6)	—
<b>Operating product revenues</b>		<b>2,599</b>	<b>506</b>	<b>—</b>	<b>(6)</b>	<b>3,099</b>
Total external revenues		8,948	11,820	2,681	—	23,449
Total inter-segment revenues		51	358	355	(764)	—
<b>Total operating revenues</b>		<b>8,999</b>	<b>12,178</b>	<b>3,036</b>	<b>(764)</b>	<b>23,449</b>
Operating costs	5	(5,146)	(6,863)	(2,311)	764	(13,556)
<b>Adjusted EBITDA <sup>(1)</sup></b>		<b>3,853</b>	<b>5,315</b>	<b>725</b>	<b>—</b>	<b>9,893</b>
Severance, acquisition and other costs	6					(209)
Depreciation and amortization	17, 19					(4,609)
Finance costs						
Interest expense	7					(1,082)
Net interest on post-employment benefit plans	27					(20)
Impairment of assets	8					(197)
Other income	9					160
Income taxes	10					(1,044)
<b>Net earnings</b>						<b>2,892</b>
Goodwill	22	3,046	4,580	2,946	—	10,572
Indefinite-life intangible assets	19	6,148	1,692	1,935	—	9,775
Capital expenditures		1,120	3,612	120	—	4,852

(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	2022	2021
<b>Services<sup>(1)</sup></b>		
Wireless	6,821	6,355
Wireline data	7,920	7,871
Wireline voice	3,002	3,154
Media	2,904	2,681
Other wireline services	309	289
<b>Total services</b>	<b>20,956</b>	<b>20,350</b>
<b>Products<sup>(2)</sup></b>		
Wireless	2,714	2,593
Wireline data	459	463
Wireline equipment and other	45	43
<b>Total products</b>	<b>3,218</b>	<b>3,099</b>
<b>Total operating revenues</b>	<b>24,174</b>	<b>23,449</b>

(1) Our service revenues are generally recognized over time.

(2) Our product revenues are generally recognized at a point in time.

## Segment reporting changes in 2023

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 will result 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 are being combined to form a single reporting segment called Bell Communication and Technology Services (Bell CTS). Bell Media remains a distinct operating segment and is unaffected. As a result of our reporting changes, prior periods are being restated in 2023 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, 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.

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.

For purposes of impairment testing of goodwill in 2023, our CGUs or groups of CGUs will correspond to our new reporting segments, notably Bell CTS and Bell Media.

---

---

## Note 4 Business acquisitions and disposition

---

### 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 is expected to be settled by 2026 and the maximum contingent consideration payable is \$65 million. 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 Wireline segment.

The allocation of the purchase price includes provisional estimates, in particular for indefinite and finite-life intangibles. The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

	Total
Cash consideration	303
Contingent consideration	39
<b>Total cost to be allocated</b>	<b>342</b>
Other non-cash working capital	14
Property, plant and equipment	29
Indefinite-life intangible assets <sup>(1)</sup>	84
Finite-life intangibles <sup>(2)</sup>	52
Deferred tax assets	8
Other long-term assets	4
Trade payables and other liabilities	(28)
Contract liabilities	(3)
Deferred tax liabilities	(39)
Other long-term liabilities	(6)
	115
Cash and cash equivalents	21
<b>Fair value of net assets acquired</b>	<b>136</b>
<b>Goodwill <sup>(3)</sup></b>	<b>206</b>

(1) Consists mainly of brand and digital assets.

(2) Consists mainly of customer relationships.

(3) Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill was allocated to our Bell Wireline group of cash-generating units (CGUs).

Operating revenues of \$14 million from Distributel are included in the income statements 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 EBOX and other related companies are included in our Bell Wireline 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.

	Total
Cash consideration	153
<b>Total cost to be allocated</b>	<b>153</b>
Other non-cash working capital	5
Property, plant and equipment	5
Indefinite-life intangible assets <sup>(1)</sup>	17
Finite-life intangible and other assets <sup>(2)</sup>	15
Trade payables and other liabilities	(17)
Contract liabilities	(5)
Deferred tax liabilities	(9)
	11
Cash and cash equivalents	14
<b>Fair value of net assets acquired</b>	<b>25</b>
<b>Goodwill <sup>(3)</sup></b>	<b>128</b>

(1) Consists of brand and digital assets.

(2) Consists mainly of customer relationships.

(3) Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill was allocated to our Bell Wireline group of cash-generating units (CGUs).

Operating revenues of \$41 million from EBOX and other related parties are included in the income statements from the date of acquisition. The transaction did not have a significant impact on net earnings for 2022.

---

## Disposition of production studios

In December 2022, we entered into an agreement to sell our 63% ownership in certain production studios and production studios currently under construction, which are included in our Bell Media segment. The transaction is expected to close in the first half of 2023 once we achieve substantial completion of the construction of the production studios and subject to customary closing conditions. As at December 31, 2022, construction of the production studios was ongoing and there remain significant construction activities which must be completed. We estimate we will receive cash proceeds of approximately \$220 million from the sale transaction, which amount may vary primarily based on the actual cost incurred to complete the construction of the production studios.



## Note 5 Operating costs

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Labour costs			
Wages, salaries and related taxes and benefits <sup>(1)</sup>		(4,250)	(4,233)
Post-employment benefit plans service cost (net of capitalized amounts)	27	(249)	(266)
Other labour costs <sup>(1)(2)</sup>		(1,054)	(1,016)
Less:			
Capitalized labour		1,136	1,068
<b>Total labour costs</b>		<b>(4,417)</b>	<b>(4,447)</b>
Cost of revenues <sup>(1)(3)</sup>		(7,641)	(7,284)
Other operating costs <sup>(1)(4)</sup>		(1,917)	(1,825)
<b>Total operating costs</b>		<b>(13,975)</b>	<b>(13,556)</b>

(1) We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.

(2) Other labour costs include contractor and outsourcing costs.

(3) Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.

(4) 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 \$57 million are included in operating costs for 2022 and 2021.

## Note 6 Severance, acquisition and other costs

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Severance	(83)	(171)
Acquisition and other	(11)	(38)
<b>Total severance, acquisition and other costs</b>	<b>(94)</b>	<b>(209)</b>

### 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.

## Note 7 Interest expense

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Interest expense on long-term debt	(1,148)	(1,088)
Interest expense on other debt	(126)	(57)
Capitalized interest	128	63
<b>Total interest expense</b>	<b>(1,146)</b>	<b>(1,082)</b>

Included in interest expense on long-term debt is interest on lease liabilities of \$165 million and \$177 million for 2022 and 2021, respectively.

Capitalized interest was calculated using an average rate of 3.83% for 2022 and 2021, which represents the weighted average interest rate on our outstanding long-term debt.

---

## Note 8 Impairment of assets

### 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 global 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 are now 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.

### 2021

During the second quarter of 2021, we identified indicators of impairment for our Bell Media radio markets, notably a decline in advertising revenue and an increase in the discount rate resulting from the impact of the ongoing COVID-19 pandemic. Accordingly, impairment testing was required for our group of radio CGUs.

During Q2 2021, we recognized \$163 million of impairment charges for various radio markets within our Bell Media segment. These charges included \$150 million allocated to indefinite-life intangible assets for broadcast licences, and \$13 million to property, plant and equipment mainly for buildings and network infrastructure and equipment. They were 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 July 1, 2021 to December 31, 2026, using a discount rate of 8.5% and a perpetuity growth rate of (2.0%), as well as market multiple data from public companies and market transactions. After impairments, the carrying value of our group of radio CGUs was \$235 million.

There was no impairment of Bell Media goodwill. See Note 22, *Goodwill*, for further details.

## Note 9 Other (expense) income

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Net mark-to-market (losses) gains on derivatives used to economically hedge equity settled share-based compensation plans		(53)	278
Equity losses from investments in associates and joint ventures	20		
Loss on investment		(42)	(49)
Operations		(19)	(46)
Losses on retirements and disposals of property, plant and equipment and intangible assets		(27)	(24)
Gains (losses) on investments	16	24	(6)
Early debt redemption costs	25	(18)	(53)
Other		20	60
<b>Total other (expense) income</b>		<b>(115)</b>	<b>160</b>

### Equity losses from investments in associates and joint ventures

We recorded a loss on investment of \$42 million and \$49 million in 2022 and 2021, 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 (losses) on investments

In 2022, we completed the previously announced sale of our wholly-owned subsidiary 6362222 Canada Inc. (Createch) and recorded a gain on sale of \$39 million. See Note 16, *Assets held for sale*, for additional details.

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.

## Note 10 Income taxes

The following table shows the significant components of income taxes deducted from net earnings.

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Current taxes		
Current taxes	(878)	(872)
Uncertain tax positions	91	12
Change in estimate relating to prior periods	8	42
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	(176)	(184)
Change in estimate relating to prior periods	(8)	(40)
Recognition and utilization of loss carryforwards	(4)	(21)
Previously unrecognized tax benefits	—	15
Uncertain tax positions	—	4
<b>Total income taxes</b>	<b>(967)</b>	<b>(1,044)</b>

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 2022 and 2021.

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Net earnings	2,926	2,892
Add back income taxes	967	1,044
Earnings before income taxes	3,893	3,936
Applicable statutory tax rate	26.8 %	26.8 %
Income taxes computed at applicable statutory rates	(1,043)	(1,055)
Non-taxable portion of gains (losses) on investments	4	(1)
Uncertain tax positions	91	16
Change in estimate relating to prior periods	—	2
Non-taxable portion of equity losses	(18)	(26)
Previously unrecognized tax benefits	—	15
Other	(1)	5
<b>Total income taxes</b>	<b>(967)</b>	<b>(1,044)</b>
<b>Average effective tax rate</b>	<b>24.8 %</b>	<b>26.5 %</b>

The following table shows aggregate current and deferred taxes relating to items recognized outside the income statements.

FOR THE YEAR ENDED DECEMBER 31	2022		2021	
	OTHER COMPREHENSIVE INCOME	DEFICIT	OTHER COMPREHENSIVE INCOME	DEFICIT
Current taxes	—	3	—	1
Deferred taxes	(73)	(7)	(677)	30
<b>Total income taxes (expense) recovery</b>	<b>(73)</b>	<b>(4)</b>	<b>(677)</b>	<b>31</b>

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	NOTE	NON- CAPITAL LOSS CARRY- FORWARDS	POST- EMPLOYMENT BENEFIT PLANS	INDEFINITE- LIFE INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT AND FINITE- LIFE INTANGIBLE ASSETS	OTHER	TOTAL
<b>January 1, 2021</b>		69	185	(1,717)	(2,175)	(66)	(3,704)
Income statement		(10)	2	16	(253)	19	(226)
Business acquisitions		4	—	—	(9)	1	(4)
Other comprehensive income		—	(653)	—	—	(24)	(677)
Deficit		—	—	—	16	14	30
Reclassified to liabilities held for sale	16	—	—	—	4	1	5
Other		—	—	—	—	2	2
<b>December 31, 2021</b>		63	(466)	(1,701)	(2,417)	(53)	(4,574)
Income statement		(4)	15	(40)	(307)	148	(188)
Business acquisitions		1	—	(26)	(21)	3	(43)
Other comprehensive (income) loss		—	(151)	—	—	78	(73)
Deficit		—	—	—	—	(7)	(7)
Other		—	—	—	—	16	16
<b>December 31, 2022</b>		60	(602)	(1,767)	(2,745)	185	(4,869)

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.

At December 31, 2021, BCE had \$266 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of \$63 million for \$249 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2024 to 2041.
- did not recognize a deferred tax asset for \$17 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2041.

At December 31, 2021, BCE had \$69 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	2022	2021
<b>Net earnings attributable to common shareholders - basic</b>	<b>2,716</b>	2,709
Dividends declared per common share (in dollars)	<b>3.68</b>	3.50
<b>Weighted average number of common shares outstanding (in millions)</b>		
Weighted average number of common shares outstanding - basic	<b>911.5</b>	906.3
Assumed exercise of stock options <sup>(1)</sup>	<b>0.5</b>	0.4
<b>Weighted average number of common shares outstanding - diluted (in millions)</b>	<b>912.0</b>	906.7

(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 nil in 2022 and 3,302,850 in 2021.

---

## Note 12 Trade and other receivables

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Trade receivables <sup>(1)</sup>		<b>4,102</b>	3,843
Allowance for revenue adjustments		<b>(160)</b>	(169)
Allowance for doubtful accounts	29	<b>(129)</b>	(136)
Current tax receivable		<b>48</b>	121
Commodity taxes receivable		<b>11</b>	102
Other accounts receivable		<b>266</b>	188
<b>Total trade and other receivables</b>		<b>4,138</b>	3,949

(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	2022	2021
Current		<b>1,021</b>	1,040
Non-current	21	<b>386</b>	387
<b>Total wireless device financing plan receivables <sup>(1)</sup></b>		<b>1,407</b>	1,427

(1) Excludes allowance for doubtful accounts and allowance for revenue adjustments on the current portion of \$46 million and \$44 million at December 31, 2022 and December 31, 2021, respectively, and allowance for doubtful accounts and allowance for revenue adjustments on the non-current portion of \$15 million at December 31, 2022 and December 31, 2021.

## Note 13 Inventory

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Wireless devices and accessories	<b>238</b>	189
Merchandise and other	<b>418</b>	293
<b>Total inventory</b>	<b>656</b>	482

The total amount of inventory subsequently recognized as an expense in cost of revenues was \$3,184 million and \$3,080 million for 2022 and 2021, 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.

FOR THE YEAR ENDED DECEMBER 31	NOTE	Contract assets <sup>(1)</sup>		Contract liabilities	
		2022	2021	2022	2021
Opening balance, January 1		665	943	1,045	959
Revenue recognized included in contract liabilities at the beginning of the year		—	—	(736)	(678)
Revenue recognized from contract liabilities included in contract assets at the beginning of the year		89	141	—	—
Increase in contract liabilities during the year			—	794	752
Increase in contract liabilities included in contract assets during the year		(83)	(115)	—	—
Increase in contract assets from revenue recognized during the year		728	664	—	—
Contract assets transferred to trade receivables		(586)	(859)	14	50
Acquisitions	4	—	—	8	13
Contract terminations transferred to trade receivables		(50)	(89)	(1)	4
Reclassified to liabilities held for sale	16	—	—	—	(7)
Other		(39)	(20)	(39)	(48)
<b>Ending balance, December 31</b>		<b>724</b>	<b>665</b>	<b>1,085</b>	<b>1,045</b>

(1) Net of allowance for doubtful accounts of \$19 million and \$20 million at December 31, 2022 and December 31, 2021, 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	NOTE	2022	2021
Opening balance, January 1		894	764
Incremental costs of obtaining a contract and contract fulfillment costs		807	635
Amortization included in operating costs		(558)	(504)
Acquisitions		—	3
Reclassified to assets held for sale	16	—	(4)
<b>Ending balance, December 31</b>		<b>1,143</b>	<b>894</b>

Contract costs are amortized over periods ranging from 12 to 84 months.

---

---

## Note 16 Assets held for sale

On March 1, 2022, we completed the previously announced sale of our wholly-owned subsidiary Createch, a consulting business that specializes in the optimization of business processes and implementation of technological solutions, which was included in our Bell Wireline segment. We recorded cash proceeds of \$54 million and a gain on sale of \$39 million (before tax expense of \$2 million) in *Other (expense) income*.

Our results for the years ended December 31, 2022 and 2021 included Createch revenue of \$10 million and \$64 million and net earnings of nil and \$5 million, respectively.

The assets and liabilities of Createch were presented as held for sale in our statement of financial position at December 31, 2021, measured at their carrying amount, which is lower than the estimated fair value less costs to sell. Property, plant and equipment and intangible assets included in assets held for sale were no longer depreciated or amortized effective December 2021.

The following table summarizes the carrying value of the assets and liabilities that are classified as held for sale at December 31, 2021.

	<b>2021</b>
Trade and other receivables	29
Contract costs	4
Prepaid expenses	1
Property, plant and equipment	2
Intangible assets	1
Other non-current assets	7
Goodwill	6
<b>Total assets held for sale</b>	<b>50</b>
Trade payables and other liabilities	18
Contract liabilities	7
Deferred tax liabilities	5
Other non-current liabilities	5
<b>Total liabilities held for sale</b>	<b>35</b>
<b>Net assets held for sale</b>	<b>15</b>



## Note 17 Property, plant and equipment

FOR THE YEAR ENDED DECEMBER 31, 2022	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT <sup>(1)</sup>	LAND AND BUILDINGS <sup>(1)</sup>	ASSETS UNDER CONSTRUCTION	TOTAL
<b>COST</b>					
January 1, 2022		70,923	8,889	2,241	82,053
Additions		2,824	394	2,675	5,893
Business combinations/(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)
<b>December 31, 2022</b>		<b>71,875</b>	<b>9,139</b>	<b>2,598</b>	<b>83,612</b>
<b>ACCUMULATED DEPRECIATION</b>					
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)
<b>December 31, 2022</b>		<b>49,236</b>	<b>5,120</b>	<b>—</b>	<b>54,356</b>
<b>NET CARRYING AMOUNT</b>					
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.

FOR THE YEAR ENDED DECEMBER 31, 2021	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT <sup>(1)</sup>	LAND AND BUILDINGS <sup>(1)</sup>	ASSETS UNDER CONSTRUCTION	TOTAL
<b>COST</b>					
January 1, 2021		69,477	7,832	1,889	79,198
Additions		2,643	326	2,515	5,484
Business combinations		2	12	—	14
Transfers		358	771	(2,163)	(1,034)
Retirements and disposals		(1,550)	(37)	—	(1,587)
Impairment losses recognized in earnings	8	(4)	(15)	—	(19)
Reclassified to assets held for sale	16	(3)	—	—	(3)
<b>December 31, 2021</b>		<b>70,923</b>	<b>8,889</b>	<b>2,241</b>	<b>82,053</b>
<b>ACCUMULATED DEPRECIATION</b>					
January 1, 2021		47,563	4,122	—	51,685
Depreciation		3,220	407	—	3,627
Retirements and disposals		(1,515)	(27)	—	(1,542)
Transfers		(95)	191	—	96
Reclassified to assets held for sale	16	(1)	—	—	(1)
Other		(50)	3	—	(47)
<b>December 31, 2021</b>		<b>49,122</b>	<b>4,696</b>	<b>—</b>	<b>53,818</b>
<b>NET CARRYING AMOUNT</b>					
January 1, 2021		21,914	3,710	1,889	27,513
December 31, 2021		21,801	4,193	2,241	28,235

(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, 2022	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	TOTAL
<b>COST</b>				
January 1, 2022		3,240	3,931	7,171
Additions		681	336	1,017
Transfers		(195)	(6)	(201)
Business combinations/(business disposition)		2	(11)	(9)
Lease terminations		(35)	(7)	(42)
Impairment losses recognized in earnings	8	—	(124)	(124)
<b>December 31, 2022</b>		<b>3,693</b>	<b>4,119</b>	<b>7,812</b>
<b>ACCUMULATED DEPRECIATION</b>				
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)
<b>December 31, 2022</b>		<b>1,804</b>	<b>1,858</b>	<b>3,662</b>
<b>NET CARRYING AMOUNT</b>				
January 1, 2022		1,686	2,393	4,079
December 31, 2022		1,889	2,261	4,150

FOR THE YEAR ENDED DECEMBER 31, 2021	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	TOTAL
<b>COST</b>				
January 1, 2021		3,690	2,995	6,685
Additions		574	214	788
Transfers		(977)	722	(255)
Business combinations		—	12	12
Lease terminations		(47)	(6)	(53)
Impairment losses recognized in earnings	8	—	(6)	(6)
<b>December 31, 2021</b>		<b>3,240</b>	<b>3,931</b>	<b>7,171</b>
<b>ACCUMULATED DEPRECIATION</b>				
January 1, 2021		1,473	1,086	2,559
Depreciation		419	275	694
Transfers		(310)	177	(133)
Lease terminations		(28)	—	(28)
<b>December 31, 2021</b>		<b>1,554</b>	<b>1,538</b>	<b>3,092</b>
<b>NET CARRYING AMOUNT</b>				
January 1, 2021		2,217	1,909	4,126
December 31, 2021		1,686	2,393	4,079

## Leases in net earnings

The following table provides the expenses related to leases recognized in net earnings.

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Interest expense on lease liabilities	165	177
Variable lease payment expenses not included in the measurement of lease liabilities	133	122
Expenses for leases of low value assets	60	60
Expenses for short-term leases	27	31

## Leases in the statements of cash flows

Total cash outflow related to leases was \$1,272 million and \$1,202 million for the period ended December 31, 2022 and December 31, 2021, 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, 2022.

## Note 19 Intangible assets

FOR THE YEAR ENDED DECEMBER 31, 2022	NOTE	FINITE-LIFE					INDEFINITE-LIFE				TOTAL INTANGIBLE ASSETS
		SOFTWARE	CUSTOMER RELATION- SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRANDS	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	
<b>COST</b>											
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
Acquired through business combinations		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)
<b>December 31, 2022</b>		<b>10,543</b>	<b>1,802</b>	<b>603</b>	<b>407</b>	<b>13,355</b>	<b>2,435</b>	<b>5,905</b>	<b>1,486</b>	<b>9,826</b>	<b>23,181</b>
<b>ACCUMULATED AMORTIZATION</b>											
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)
<b>December 31, 2022</b>		<b>5,734</b>	<b>1,060</b>	<b>—</b>	<b>204</b>	<b>6,998</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,998</b>
<b>NET CARRYING AMOUNT</b>											
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

FOR THE YEAR ENDED DECEMBER 31, 2021	FINITE-LIFE					INDEFINITE-LIFE				TOTAL INTANGIBLE ASSETS	
	NOTE	SOFTWARE	CUSTOMER RELATION- SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRANDS	SPECTRUM AND OTHER LICENCES <sup>(1)</sup>	BROADCAST LICENCES		TOTAL
<b>COST</b>											
January 1, 2021		9,169	1,736	645	469	12,019	2,409	3,701	1,730	7,840	19,859
Additions		361	—	1,034	19	1,414	—	2,085	—	2,085	3,499
Acquired through business combinations		—	—	—	52	52	—	—	—	—	52
Transfers		1,154	—	—	(125)	1,029	—	—	—	—	1,029
Retirements and disposals		(1,089)	—	—	(11)	(1,100)	—	—	—	—	(1,100)
Impairment losses recognized in earnings	8	(28)	—	—	—	(28)	—	—	(150)	(150)	(178)
Amortization included in operating costs		—	—	(1,048)	—	(1,048)	—	—	—	—	(1,048)
Reclassified to assets held for sale	16	(2)	—	—	—	(2)	—	—	—	—	(2)
<b>December 31, 2021</b>		<b>9,565</b>	<b>1,736</b>	<b>631</b>	<b>404</b>	<b>12,336</b>	<b>2,409</b>	<b>5,786</b>	<b>1,580</b>	<b>9,775</b>	<b>22,111</b>
<b>ACCUMULATED AMORTIZATION</b>											
January 1, 2021		5,644	878	—	235	6,757	—	—	—	—	6,757
Amortization		851	91	—	40	982	—	—	—	—	982
Retirements and disposals		(1,087)	—	—	(11)	(1,098)	—	—	—	—	(1,098)
Transfers		—	—	—	(99)	(99)	—	—	—	—	(99)
Reclassified to assets held for sale	16	(1)	—	—	—	(1)	—	—	—	—	(1)
<b>December 31, 2021</b>		<b>5,407</b>	<b>969</b>	<b>—</b>	<b>165</b>	<b>6,541</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,541</b>
<b>NET CARRYING AMOUNT</b>											
January 1, 2021		3,525	858	645	234	5,262	2,409	3,701	1,730	7,840	13,102
December 31, 2021		4,158	767	631	239	5,795	2,409	5,786	1,580	9,775	15,570

(1) On December 17, 2021, Bell Mobility Inc. (Bell Mobility) acquired 271 licences in a number of urban and rural markets for 678 million megahertz per population (MHz-Pop) of 3500 MHz spectrum for \$2.07 billion.

---

---

## 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	2022	2021
Assets	3,857	3,852
Liabilities	(2,641)	(2,523)
<b>Total net assets</b>	<b>1,216</b>	<b>1,329</b>
<b>BCE's share of net assets</b>	<b>608</b>	<b>668</b>

---

### Income statements

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Revenues		2,335	1,855
Expenses		(2,456)	(2,047)
<b>Total net losses</b>		<b>(121)</b>	<b>(192)</b>
<b>BCE's share of net losses</b>	9	<b>(61)</b>	<b>(95)</b>

---

---

## Note 21 Other non-current assets

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Long-term wireless device financing plan receivables	12	386	387
Long-term receivables		255	221
Derivative assets	29	233	274
Publicly-traded and privately-held investments	29	215	183
Investments <sup>(1)</sup>	29	184	185
Other		82	56
<b>Total other non-current assets</b>		<b>1,355</b>	<b>1,306</b>

(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, 2022 and 2021. BCE's groups of CGUs for purposes of goodwill impairment testing correspond to our reporting segments.

	NOTE	BELL WIRELESS	BELL WIREFINE	BELL MEDIA	BCE
<b>Balance at January 1, 2021</b>		3,046	4,612	2,946	10,604
Acquisitions and other		—	(26)	—	(26)
Reclassified to assets held for sale	16	—	(6)	—	(6)
<b>Balance at December 31, 2021</b>		3,046	4,580	2,946	10,572
Acquisitions and other	4	—	334	—	334
<b>Balance at December 31, 2022</b>		<b>3,046</b>	<b>4,914</b>	<b>2,946</b>	<b>10,906</b>

---

### Impairment testing

As described in Note 2, *Significant accounting policies*, goodwill is tested annually for impairment or when there is an indication that goodwill may be impaired, by comparing the carrying value of a CGU or group of CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal or value in use.

#### RECOVERABLE AMOUNT

The recoverable amount for each of the Bell Wireless and Bell Wireline group of CGUs is its value in use. The recoverable amount for the Bell Media group of CGUs is its fair value less costs of disposal.

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 rising interest rates and inflation. Revenue and cost projections for the Bell Media group of CGUs also reflect market participant assumptions.

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 CGU or group of CGUs, including any impact from rising interest rates.



The following table shows the key assumptions used to estimate the recoverable amounts of our groups of CGUs.

GROUPS OF CGUs	ASSUMPTIONS USED	
	PERPETUITY GROWTH RATE	DISCOUNT RATE
Bell Wireless	0.8 %	9.1 %
Bell Wireline	1.0 %	6.0 %
Bell Media	0.9 %	9.6 %

The recoverable amounts determined in a prior year for the Bell Wireless and Bell Wireline groups of CGUs exceed their corresponding current carrying values by a substantial margin and have been carried forward and used in the impairment test for the current year. We believe that any reasonable possible change in the key assumptions on which the estimates of recoverable amounts of the Bell Wireless and Bell Wireline groups of CGUs are based would not cause their carrying amounts to exceed their recoverable amounts.

For the Bell Media group of CGUs, a decrease of (0.9%) in the perpetuity growth rate or an increase of 0.6% 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	2022	2021
Trade payables and accruals		<b>3,602</b>	2,931
Compensation payable		<b>607</b>	622
Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability <sup>(1)</sup>	29	<b>149</b>	149
Commodity taxes payable		<b>108</b>	31
Derivative liabilities	29	<b>106</b>	40
Provisions	26	<b>74</b>	81
Other current liabilities <sup>(2)</sup>		<b>575</b>	601
<b>Total trade payables and other liabilities</b>		<b>5,221</b>	4,455

(1) Represents 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 should the Master Trust Fund exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recorded in Other (expense) income in the income statements. Subsequent to year end, BCE repurchased the Master Trust Fund's interest for a cash consideration of \$149 million.

(2) Includes a \$28 million and \$82 million liability as at December 31, 2022 and December 31, 2021, respectively, related to committed funding from the Government of Québec.

## Note 24 Debt due within one year

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2022	2022	2021
Notes payable <sup>(1)</sup>	29	4.27 %	869	735
Loans secured by receivables <sup>(2)</sup>	29	5.19 %	1,588	900
Long-term debt due within one year <sup>(3)</sup>	25	4.79 %	1,680	990
<b>Total debt due within one year</b>			<b>4,137</b>	<b>2,625</b>

(1) Includes commercial paper of \$627 million in U.S. dollars (\$849 million in Canadian dollars) and \$561 million in U.S. dollars (\$711 million in Canadian dollars) as at December 31, 2022 and December 31, 2021, respectively, which were issued under our U.S. commercial paper program and have been hedged for foreign currency fluctuations through forward currency contracts. See Note 29, Financial and capital management, for additional details.

(2) At December 31, 2022, loans secured by receivables totaled \$1,173 million in U.S. dollars (\$1,588 million in Canadian dollars) and have been hedged for foreign currency fluctuations through foreign currency forward contracts. At December 31, 2021, loans secured by receivables totaled \$900 million in Canadian dollars. 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 \$930 million and \$864 million as at December 31, 2022 and December 31, 2021, 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.

The following table provides further details on our securitized receivables programs during 2022 and 2021.

FOR THE YEAR ENDED DECEMBER 31	2022	2021
Average interest rate throughout the year	3.15 %	1.07 %
Securitized receivables	3,353	1,701

Similar to the previous program, 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.

In 2021, we terminated our other securitized trade receivables program and repaid the \$150 million balance outstanding under the program.

---

## 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, 2022. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

The table below is a summary of our total bank credit facilities at December 31, 2022.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
<b>Committed credit facilities</b>					
Unsecured revolving and expansion credit facilities <sup>(1)(2)</sup>	3,500	—	—	849	2,651
Unsecured non-revolving credit facilities <sup>(3)</sup>	647	—	—	—	647
Other	106	—	96	—	10
<b>Total committed credit facilities</b>	<b>4,253</b>	<b>—</b>	<b>96</b>	<b>849</b>	<b>3,308</b>
<b>Total non-committed credit facilities</b>	<b>1,939</b>	<b>—</b>	<b>808</b>	<b>—</b>	<b>1,131</b>
<b>Total committed and non-committed credit facilities</b>	<b>6,192</b>	<b>—</b>	<b>904</b>	<b>849</b>	<b>4,439</b>

(1) Bell Canada's \$2.5 billion committed revolving credit facility expires in August 2027 and its \$1 billion committed expansion credit facility expires in August 2025. In 2022, Bell Canada converted its committed credit facilities into a sustainability-linked loan. The amendment introduces a borrowing cost that varies based on Bell's performance of certain sustainability performance targets.

(2) As of December 31, 2022, Bell Canada's outstanding commercial paper included \$627 million in U.S. dollars (\$849 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.

---

## 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, 2022	MATURITY	2022	2021
Debt securities					
1997 trust indenture <sup>(1)</sup>		3.82 %	2023-2051	<b>16,747</b>	16,750
1976 trust indenture		9.38 %	2027-2054	<b>975</b>	975
2011 trust indenture		4.00 %	2024	<b>225</b>	225
2016 U.S. trust indenture <sup>(2)</sup>		3.32 %	2024-2052	<b>6,525</b>	5,188
1996 trust indenture (subordinated)		8.21 %	2026-2031	<b>275</b>	275
Lease liabilities		4.53 %	2023-2068	<b>4,402</b>	4,309
Other				<b>449</b>	438
<b>Total debt</b>				<b>29,598</b>	28,160
Net unamortized discount				<b>(34)</b>	(26)
Unamortized debt issuance costs				<b>(101)</b>	(96)
Less:					
Amount due within one year	24			<b>(1,680)</b>	(990)
<b>Total long-term debt</b>				<b>27,783</b>	27,048

(1) At December 31, 2022, \$500 million has been swapped from fixed to floating using interest rate swaps. See Note 29, Financial and capital management for additional details.

(2) At December 31, 2022 and 2021, notes issued under the 2016 U.S. trust indenture totaled \$4,850 million and \$4,100 million in U.S. dollars, respectively, and have been hedged for foreign currency fluctuations through 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.

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 swaps and cross currency interest rate swaps as disclosed above.

### 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.

In Q4 2021, Bell Canada successfully completed a proxy solicitation and obtained the necessary approval from debenture holders to make certain amendments under its 1976 trust indenture, including the deletion of covenants that required Bell Canada to meet certain financial ratio tests when issuing long-term debt.

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.

### 2022

On November 10, 2022, Bell Canada issued, under its 1997 trust indenture, 5.85% Series M-57 medium-term note (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) income* in the income statement.

On February 11, 2022, Bell Canada issued, under its 2016 trust indenture, 3.65% 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 through cross currency interest rate swaps. See Note 29, *Financial and capital management*, for additional details.

Subsequent to year end, 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.

## 2021

On August 12, 2021, Bell Canada issued, under its 2016 trust indenture, 2.15% Series US-5 Notes, with a principal amount of \$600 million in U.S. dollars (\$755 million in Canadian dollars), which mature on February 15, 2032, and 3.20% Series US-6 Notes, with a principal amount of \$650 million in U.S. dollars (\$818 million in Canadian dollars), which mature on February 15, 2052.

On May 28, 2021, Bell Canada issued, under its 1997 trust indenture, 2.20% Series M-56 MTN debentures, with a principal amount of \$500 million, which mature on May 29, 2028. This issue constitutes Bell Canada's first sustainability bond offering.

On April 19, 2021, Bell Canada redeemed, prior to maturity, its 3.00% Series M-40 MTN debentures, having an outstanding principal amount of \$1.7 billion, which were due on October 3, 2022.

On March 17, 2021, Bell Canada issued, under its 1997 trust indenture, 3.00% Series M-54 MTN debentures, with a principal amount of \$1 billion, which mature on March 17, 2031, and 4.05% Series M-55 MTN debentures, with a principal amount of \$550 million, which mature on March 17, 2051.

Additionally, on March 17, 2021, Bell Canada issued, under its 2016 trust indenture, 0.75% Series US-3 Notes, with a principal amount of \$600 million in U.S. dollars (\$747 million in Canadian dollars), which mature on March 17, 2024, and 3.65% Series US-4 Notes, with a principal amount of \$500 million in U.S. dollars (\$623 million in Canadian dollars), which mature on March 17, 2051.

The Series US-3, Series US-4, Series US-5 and Series US-6 Notes (collectively, the Notes) have been hedged for foreign currency fluctuations through cross currency interest rate swaps. See Note 29, *Financial and capital management*, for additional details.

For the year ended December 31, 2021, we recognized early debt redemption costs of \$53 million, which were recorded in *Other (expense) income* in the income statement.

## Note 26 Provisions

FOR THE YEAR ENDED DECEMBER 31	NOTE	AROs	Other <sup>(1)</sup>	Total
January 1, 2022		<b>182</b>	<b>226</b>	<b>408</b>
Additions		<b>12</b>	<b>38</b>	<b>50</b>
Usage		<b>(4)</b>	<b>(38)</b>	<b>(42)</b>
Reversals		<b>(25)</b>	<b>(29)</b>	<b>(54)</b>
<b>December 31, 2022</b>		<b>165</b>	<b>197</b>	<b>362</b>
Current	23	<b>28</b>	<b>46</b>	<b>74</b>
Non-current	28	<b>137</b>	<b>151</b>	<b>288</b>
<b>December 31, 2022</b>		<b>165</b>	<b>197</b>	<b>362</b>

(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	2022	2021
DB pension	<b>(193)</b>	(223)
DC pension	<b>(118)</b>	(113)
OPEBs	<b>(2)</b>	(2)
Less:		
Capitalized benefit plans cost	<b>64</b>	72
<b>Total post-employment benefit plans service cost</b>	<b>(249)</b>	(266)

## COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING INCOME (COST)

FOR THE YEAR ENDED DECEMBER 31	2022	2021
DB pension	84	11
OPEBs	(33)	(31)
<b>Total net return (interest) on post-employment benefit plans</b>	<b>51</b>	<b>(20)</b>

The statements of comprehensive income include the following amounts before income taxes.

	2022	2021
Cumulative gains (losses) recognized directly in equity, January 1	419	(2,014)
Actuarial gains in <i>other comprehensive income</i> <sup>(1)</sup>	894	3,020
Increase in the effect of the asset limit in <i>other comprehensive income</i> <sup>(2)</sup>	(328)	(587)
<b>Cumulative gains recognized directly in equity, December 31</b>	<b>985</b>	<b>419</b>

(1) The cumulative actuarial gains recognized in the statement of comprehensive income are \$1,699 million at December 31, 2022.

(2) The cumulative increase in the effect of the asset limit recognized in the statement of comprehensive income is \$714 million at December 31, 2022.

## 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	
	2022	2021	2022	2021	2022	2021
Post-employment benefit obligations, January 1	(24,544)	(27,149)	(1,457)	(1,600)	(26,001)	(28,749)
Current service cost	(193)	(223)	(2)	(2)	(195)	(225)
Interest on obligations	(770)	(697)	(44)	(39)	(814)	(736)
Actuarial gains <sup>(1)</sup>	4,856	2,137	294	113	5,150	2,250
Benefit payments	1,366	1,396	70	71	1,436	1,467
Employee contributions	(9)	(9)	—	—	(9)	(9)
Other	(1)	1	1	—	—	1
<b>Post-employment benefit obligations, December 31</b>	<b>(19,295)</b>	<b>(24,544)</b>	<b>(1,138)</b>	<b>(1,457)</b>	<b>(20,433)</b>	<b>(26,001)</b>
Fair value of plan assets, January 1	28,040	27,785	351	344	28,391	28,129
Expected return on plan assets <sup>(2)</sup>	875	708	11	8	886	716
Actuarial (losses) gains <sup>(1)</sup>	(4,227)	766	(29)	4	(4,256)	770
Benefit payments	(1,366)	(1,396)	(70)	(71)	(1,436)	(1,467)
Employer contributions	81	168	64	65	145	233
Employee contributions	9	9	—	—	9	9
Transfers to DC plans	(57)	—	—	—	(57)	—
Other	—	—	—	1	—	1
<b>Fair value of plan assets, December 31</b>	<b>23,355</b>	<b>28,040</b>	<b>327</b>	<b>351</b>	<b>23,682</b>	<b>28,391</b>
Plan asset (deficit)	4,060	3,496	(811)	(1,106)	3,249	2,390
Effect of asset limit	(980)	(652)	—	—	(980)	(652)
Interest on effect of asset limit	(21)	—	—	—	(21)	—
<b>Post-employment benefit asset (liability), December 31</b>	<b>3,059</b>	<b>2,844</b>	<b>(811)</b>	<b>(1,106)</b>	<b>2,248</b>	<b>1,738</b>
Post-employment benefit assets	3,559	3,472	—	—	3,559	3,472
Post-employment benefit obligations	(500)	(628)	(811)	(1,106)	(1,311)	(1,734)

(1) Actuarial (losses) gains include experience losses of (\$4,729) million in 2022 and gains of \$907 million in 2021.

(2) The actual (loss) return on plan assets was (\$3,370) million or (11.6%) in 2022 and \$1,486 million or 5.7% in 2021.

## FUNDED STATUS OF POST-EMPLOYMENT BENEFIT PLANS

The following table shows the funded status of our post-employment benefit obligations.

FOR THE YEAR ENDED DECEMBER 31	FUNDED		PARTIALLY FUNDED <sup>(1)</sup>		UNFUNDED <sup>(2)</sup>		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Present value of post-employment benefit obligations	(18,741)	(23,872)	(1,461)	(1,840)	(231)	(289)	(20,433)	(26,001)
Fair value of plan assets	23,291	27,979	391	412	—	—	23,682	28,391
Plan surplus (deficit)	4,550	4,107	(1,070)	(1,428)	(231)	(289)	3,249	2,390
Effect of asset limit	(1,001)	(652)	—	—	—	—	(1,001)	(652)
<b>Post-employment benefit asset (liability)</b>	<b>3,549</b>	<b>3,455</b>	<b>(1,070)</b>	<b>(1,428)</b>	<b>(231)</b>	<b>(289)</b>	<b>2,248</b>	<b>1,738</b>

(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.

FOR THE YEAR ENDED DECEMBER 31	DB PENSION PLANS AND OPEB PLANS	
	2022	2021
Post-employment benefit obligations		
Discount rate	5.3 %	3.2 %
Rate of compensation increase	2.25 %	2.25 %
Cost of living indexation rate <sup>(1)</sup>	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.

FOR THE YEAR ENDED DECEMBER 31	DB PENSION PLANS AND OPEB PLANS	
	2022	2021
Net post-employment benefit plans cost		
Discount rate	3.4 %	2.9 %
Rate of compensation increase	2.25 %	2.25 %
Cost of living indexation rate <sup>(1)</sup>	1.6 %	1.6 %
Life expectancy at age 65 (years)	23.3	23.2

(1) Cost of living indexation rate is only applicable to DB pension plans.

The weighted average duration of the post-employment benefit obligation is 11 years.

We assumed the following trend rates in healthcare costs:

- an annual increase in the cost of medication of 6.5% for 2022 decreasing to 4.0% over 20 years
- an annual increase in the cost of covered dental benefits of 4%
- 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%

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	75	(65)



## 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.

	CHANGE IN ASSUMPTION	IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2022 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2022 – INCREASE/(DECREASE)	
		INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5 %	(83)	72	(1,022)	1,123
Cost of living indexation rate	0.5 %	46	(38)	907	(752)
Life expectancy at age 65	1 year	29	(31)	612	(634)

## 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 2022 and the allocation of our post-employment benefit plan assets at December 31, 2022 and 2021.

ASSET CATEGORY	WEIGHTED AVERAGE TARGET ALLOCATION	TOTAL PLAN ASSETS FAIR VALUE	
		December 31, 2022	December 31, 2021
Equity securities	0%-40%	15 %	16 %
Debt securities <sup>(1)</sup>	50%-100%	52 %	61 %
Alternative investments <sup>(1)</sup>	0%-50%	33 %	23 %
<b>Total</b>		<b>100 %</b>	<b>100 %</b>

(1) We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.

The following table shows the fair value of the DB pension plan assets for each category.

FOR THE YEAR ENDED DECEMBER 31	2022	2021
<b>Observable markets data</b>		
Equity securities		
Canadian	824	952
Foreign	2,555	3,436
Debt securities		
Canadian	9,904	13,643
Foreign <sup>(1)</sup>	1,537	2,033
Money market	739	1,466
<b>Non-observable markets inputs</b>		
Alternative investments		
Private equities <sup>(1)</sup>	1,017	976
Hedge funds	1,374	1,208
Real estate and infrastructure <sup>(1)</sup>	4,297	3,576
Private debt <sup>(1)</sup>	1,048	695
Other	60	55
<b>Total</b>	<b>23,355</b>	<b>28,040</b>

(1) We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.

Equity securities included approximately \$11 million of BCE common shares, or 0.05% of total plan assets, at December 31, 2022 and \$3 million of BCE common shares, or 0.01% of total plan assets, at December 31, 2021.

Debt securities included approximately \$85 million of Bell Canada debentures, or 0.40% of total plan assets, at December 31, 2022 and approximately \$85 million of Bell Canada debentures, or 0.30% of total plan assets, at December 31, 2021.

Alternative investments included an investment in MLSE of \$149 million, or 0.64% of total plan assets, at December 31, 2022 and \$149 million, or 0.53% of total plan assets, at December 31, 2021. Subsequent to year end, BCE repurchased the Master Trust Fund's interest for a cash consideration of \$149 million.

The Bell Canada pension plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately \$4 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.

FOR THE YEAR ENDED DECEMBER 31	DB PLANS		DC PLANS		OPEB PLANS	
	2022	2021	2022	2021	2022	2021
Contributions/payments	(81)	(168)	(59)	(114)	(64)	(65)

We expect to contribute approximately \$50 million to our DB pension plans in 2023, subject to actuarial valuations being completed. We expect to contribute approximately \$10 million to the DC pension plans and to pay approximately \$75 million to beneficiaries under OPEB plans in 2023.

## Note 28 Other non-current liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2022	2021
Provisions	26	288	327
Long-term disability benefits obligation		260	327
Derivative liabilities	29	191	43
Other		331	306
<b>Total other non-current liabilities</b>		<b>1,070</b>	<b>1,003</b>

---

---

## 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, commodity price risk and equity price risk.

#### DERIVATIVES

We use derivative instruments to manage our exposure to foreign currency risk, interest rate risk, commodity price 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 and cash equivalents, trade and other receivables, dividends payable, trade payables and accruals, compensation payable, interest 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 following table provides the fair value details of other financial instruments measured at amortized cost in the statements of financial position.

	CLASSIFICATION	FAIR VALUE METHODOLOGY	NOTE	December 31, 2022		December 31, 2021	
				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	25,061	23,026	23,729	26,354

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

	CLASSIFICATION	NOTE	FAIR VALUE			
			CARRYING VALUE OF ASSET (LIABILITY)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2) <sup>(1)</sup>	NON-OBSERVABLE MARKET INPUTS (LEVEL 3) <sup>(2)</sup>
<b>December 31, 2022</b>						
Publicly-traded and privately-held investments <sup>(3)</sup>	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 <sup>(4)</sup>	Trade payables and other liabilities	23	(149)	—	—	(149)
Other	Other non-current assets and liabilities		108	—	184	(76)
<b>December 31, 2021</b>						
Publicly-traded and privately-held investments <sup>(3)</sup>	Other non-current assets	21	183	24	—	159
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities		279	—	279	—
MLSE financial liability <sup>(4)</sup>	Trade payables and other liabilities	23	(149)	—	—	(149)
Other	Other non-current assets and liabilities		122	—	185	(63)

(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 earnings multiples. A reasonable change in our assumptions would not result in a significant increase (decrease) to our level 3 financial instruments.

(3) Unrealized gains and losses are recorded in Other comprehensive income in the statements of comprehensive income and are reclassified from Accumulated other comprehensive (loss) income to the deficit in the statements of financial position when realized.

(4) Represents BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price, should the Master Trust Fund exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recognized in Other (expense) income in the income statements. Subsequent to year end, BCE repurchased the Master Trust Fund's interest 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, 2022 and 2021. 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 rising interest rates and inflation.

The following table provides the change in allowance for doubtful accounts for trade receivables, including the current portion of wireless device financing plan receivables.

	NOTE	2022	2021
Balance, January 1		(136)	(149)
Additions		(109)	(83)
Usage and reversals		116	96
<b>Balance, December 31</b>	12	<b>(129)</b>	<b>(136)</b>

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	2022	2021
Trade receivables not past due	3,215	2,958
Trade receivables past due		
Under 60 days	434	420
60 to 120 days	253	284
Over 120 days	71	45
<b>Trade receivables, net of allowance for doubtful accounts</b>	<b>3,973</b>	<b>3,707</b>

The following table provides the change in allowance for doubtful accounts for contract assets.

	NOTE	2022	2021
Balance, January 1		(20)	(59)
Additions		(20)	(9)
Usage and reversals		21	48
<b>Balance, December 31</b>		<b>(19)</b>	<b>(20)</b>
<b>Current</b>		<b>(7)</b>	<b>(6)</b>
<b>Non-current</b>		<b>(12)</b>	<b>(14)</b>
<b>Balance, December 31</b>	14	<b>(19)</b>	<b>(20)</b>

## LIQUIDITY RISK

Our cash and cash equivalents, 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, 2022 for each of the next five years and thereafter.

AT DECEMBER 31, 2022	NOTE	2023	2024	2025	2026	2027	THERE-AFTER	TOTAL
Long-term debt	25	750	2,103	2,174	1,582	1,724	16,863	<b>25,196</b>
Notes payable	24	869	—	—	—	—	—	<b>869</b>
Lease liabilities <sup>(1)</sup>	25	1,111	923	561	515	320	1,932	<b>5,362</b>
Loan secured by receivables	24	1,588	—	—	—	—	—	<b>1,588</b>
Interest payable on long-term debt, notes payable and loan secured by receivables		1,100	931	877	825	787	9,833	<b>14,353</b>
Net payments (receipts) on cross currency interest rate swaps		36	(45)	5	4	4	(141)	<b>(137)</b>
MLSE financial liability <sup>(2)</sup>	23	149	—	—	—	—	—	<b>149</b>
<b>Total</b>		<b>5,603</b>	<b>3,912</b>	<b>3,617</b>	<b>2,926</b>	<b>2,835</b>	<b>28,487</b>	<b>47,380</b>

(1) Includes imputed interest of \$960 million.

(2) Represents BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price, should the Master Trust Fund exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recognized in Other (expense) income in the income statements. Subsequent to year end, BCE repurchased the Master Trust Fund's interest for a cash consideration of \$149 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

We use forward contracts, options and cross currency interest rate swaps to manage foreign currency risk related to anticipated purchases and certain foreign currency debt.

In 2022, we entered into cross currency interest rate swaps with a total 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. See Note 25, *Long-term debt*, for additional details.

At December 31, 2021, we had entered into cross currency interest rate swaps with a total notional amount of \$3,500 million in U.S. dollars (\$4,511 million in Canadian dollars) to hedge the U.S. currency exposure of our U.S. Notes maturing from 2032 to 2052. 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 loss of \$10 million (loss of \$17 million) recognized in net earnings at December 31, 2022 and a gain of \$114 million (loss of \$105 million) recognized in *Other comprehensive income* at December 31, 2022, 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 \$4 million recognized in *Other comprehensive income* at December 31, 2022, 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, 2022.

TYPE OF HEDGE	BUY CURRENCY	AMOUNT TO RECEIVE	SELL CURRENCY	AMOUNT TO PAY	MATURITY	HEDGED ITEM
Cash flow <sup>(1)</sup>	USD	1,178	CAD	1,607	2023	Loans
Cash flow	USD	632	CAD	852	2023	Commercial paper
Cash flow	USD	796	CAD	989	2023	Anticipated purchases
Cash flow	PHP	2,147	CAD	50	2023	Anticipated purchases
Cash flow	USD	643	CAD	810	2024	Anticipated purchases
Economic	USD	156	CAD	196	2023	Anticipated purchases
Economic - call options	CAD	225	USD	156	2023	Anticipated purchases
Economic - put options	USD	156	CAD	196	2023	Anticipated purchases
Economic - call options	CAD	225	USD	156	2024	Anticipated purchases
Economic - put options	USD	156	CAD	195	2024	Anticipated purchases
Economic - options <sup>(2)</sup>	USD	120	CAD	153	2024	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 2022, we sold interest rate swaptions with a notional amount of \$1,000 million for \$9 million to hedge economically the fair value of our Series M-53 MTN debentures. Swaptions of a notional amount of \$500 million were exercised at a loss of \$7 million and the remaining swaptions matured unexercised. The resulting interest rate swaps of a notional amount of \$500 million mature in 2027 and have been designated to hedge the fair value of our Series M-53 MTN debentures. The fair value of these interest rate swaps at December 31, 2022 is a liability of \$14 million recognized in *Trade payables and other liabilities* 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. The fair value of these cross currency basis rate swaps at December 31, 2022 is a liability of \$33 million recognized in *Trade payables and other liabilities* in the statements of financial position.

In 2021, we entered into 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. See Note 25, *Long-term debt*, for additional details.

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 these leveraged interest rate options at December 31, 2022 and December 31, 2021 was a liability of \$1 million and \$2 million, respectively, recognized in *Trade payables and other liabilities* and *Other non-current liabilities* in the statements of financial position. A gain of \$1 million and \$15 million for the year ended December 31, 2022 and December 31, 2021, respectively, relating to these leveraged interest rate options is recognized in *Other (expense) income* in the income statements.

A 1% increase (decrease) in interest rates would result in a loss of \$24 million (gain of \$23 million) recognized in net earnings at December 31, 2022, with all other variables held constant.

A 0.1% increase (decrease) in cross currency basis swap rates would result in a gain (loss) of \$9 million recognized in net earnings at December 31, 2022, 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. See Note 31, *Share-based payments*, for details on our share-based payment arrangements. The fair value of our equity forward contracts at December 31, 2022 and December 31, 2021 was a net liability of \$48 million and a net asset of \$130 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 \$53 million and a gain of \$278 million for the year ended December 31, 2022 and 2021, respectively, relating to these equity forward contracts is recognized in *Other (expense) income* in the income statements.

A 5% increase (decrease) in the market price of BCE's common shares would result in a gain (loss) of \$33 million recognized in net earnings at December 31, 2022, with all other variables held constant.

---

## Capital management

We have various capital policies, procedures and processes which are utilized 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, and cash and cash equivalents.

The key ratios that we use to monitor and manage our capital structure are a net debt leverage ratio<sup>(1)</sup> and an adjusted EBITDA to adjusted net interest expense ratio<sup>(2)</sup>. In 2022 and 2021, 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, 2022, we had exceeded the limit of our internal net debt leverage ratio target range by 0.80.

We use, and believe that certain investors and analysts use, our net debt leverage ratio and adjusted EBITDA to adjusted net interest expense ratio as measures of financial leverage and health of the company.

The following table provides a summary of our key ratios.

AT DECEMBER 31	2022	2021
Net debt leverage ratio	3.30	3.17
Adjusted EBITDA to adjusted net interest expense ratio	8.50	8.77

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.

On February 2, 2022, the board of directors of BCE approved an increase of 5.1% in the annual dividend on BCE's common shares, from \$3.50 to \$3.68 per common share.

In Q4 2022, BCE renewed its normal course issuer bid program (NCIB) with respect to its First Preferred Shares. See Note 30, *Share capital*, for additional details.

(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 and cash equivalents, 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.



## 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, 2022. There were no Second Preferred Shares issued and outstanding at December 31, 2022. 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, 2022	DECEMBER 31, 2021
Q	floating	Series R	December 1, 2030		\$25.50	—	—	—
R <sup>(1)</sup>	3.018 %	Series Q	December 1, 2025	December 1, 2025	\$25.00	7,992,000	200	200
S	floating	Series T	November 1, 2026	At any time	\$25.50	2,125,067	53	53
T <sup>(1)</sup>	4.99 %	Series S	November 1, 2026	November 1, 2026	\$25.00	5,820,633	146	147
Y	floating	Series Z	December 1, 2027	At any time	\$25.50	7,009,252	175	202
Z <sup>(1)</sup>	5.346 %	Series Y	December 1, 2027	December 1, 2027	\$25.00	2,973,348	74	48
AA <sup>(1)</sup>	4.94 %	Series AB	September 1, 2027	September 1, 2027	\$25.00	12,254,761	312	291
AB	floating	Series AA	September 1, 2027	At any time	\$25.50	7,664,939	195	219
AC <sup>(1)</sup>	4.38 %	Series AD	March 1, 2023	March 1, 2023	\$25.00	10,007,791	255	256
AD	floating	Series AC	March 1, 2023	At any time	\$25.50	9,951,109	254	254
AE	floating	Series AF	February 1, 2025	At any time	\$25.50	6,460,913	162	163
AF <sup>(1)</sup>	3.865 %	Series AE	February 1, 2025	February 1, 2025	\$25.00	9,472,387	237	237
AG <sup>(1)</sup>	3.37 %	Series AH	May 1, 2026	May 1, 2026	\$25.00	8,921,530	223	224
AH	floating	Series AG	May 1, 2026	At any time	\$25.50	4,987,870	125	125
AI <sup>(1)</sup>	3.39 %	Series AJ	August 1, 2026	August 1, 2026	\$25.00	9,477,640	237	238
AJ	floating	Series AI	August 1, 2026	At any time	\$25.50	4,454,760	111	112
AK <sup>(1)</sup>	3.306 %	Series AL	December 31, 2026	December 31, 2026	\$25.00	23,119,512	578	580
AL <sup>(2)</sup>	floating	Series AK	December 31, 2026	At any time		1,797,188	45	45
AM <sup>(1)</sup>	2.939 %	Series AN	March 31, 2026	March 31, 2026	\$25.00	10,422,778	239	239
AN <sup>(2)</sup>	floating	Series AM	March 31, 2026	At any time		1,052,822	24	24
AO <sup>(3)</sup>	fixed	Series AP				—	—	118
AP <sup>(3)</sup>	floating	Series AO				—	—	—
AQ <sup>(1)</sup>	4.812 %	Series AR	September 30, 2023	September 30, 2023	\$25.00	9,108,800	225	228
AR <sup>(4)</sup>	floating	Series AQ	September 30, 2028			—	—	—
							<b>3,870</b>	4,003

- (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, 2023, BCE may redeem such shares at \$25.00 per share on September 30, 2028, and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AR First 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 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 will extend up to November 8, 2023, or an earlier date should BCE complete its purchases under the NCIB.

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.

Subsequent to year end, BCE repurchased and canceled 1,090,400 First Preferred Shares with a stated capital of \$27 million for a total cost of \$20 million. The remaining \$7 million was recorded to contributed surplus.

## **VOTING RIGHTS**

All of the issued and outstanding First Preferred Shares at December 31, 2022 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, 2022 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.

## **CONVERSION AND DIVIDEND RATE RESET OF FIRST PREFERRED SHARES**

Subsequent to year end, on March 1, 2023, 3,635,351 of BCE's fixed rate Cumulative Redeemable First Preferred Shares, Series AC (Series AC Preferred Shares) were converted, on a one-for-one basis, into floating-rate Cumulative Redeemable First Preferred Shares, Series AD (Series AD Preferred Shares). In addition, on March 1, 2023, 351,634 of BCE's Series AD Preferred Shares were converted, on a one-for-one basis, into Series AC Preferred Shares.

The annual fixed dividend rate on BCE's Series AC Preferred Shares was reset for the next five years, effective March 1, 2023, at 5.08%. The Series AD Preferred Shares will continue to pay a monthly cash dividend.

## 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, 2022 and 2021.

The following table provides details about the outstanding common shares of BCE.

	NOTE	2022		2021	
		NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		909,018,871	20,662	904,415,010	20,390
Shares issued under deferred share plan		11,003	1	—	—
Shares issued under employee stock option plan	31	2,952,992	177	4,603,861	272
<b>Outstanding, December 31</b>		<b>911,982,866</b>	<b>20,840</b>	<b>909,018,871</b>	<b>20,662</b>

## CONTRIBUTED SURPLUS

Contributed surplus in 2022 and 2021 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	2022	2021
ESP	(28)	(30)
RSUs/PSUs	(69)	(59)
Other <sup>(1)</sup>	(4)	(6)
<b>Total share-based payments</b>	<b>(101)</b>	<b>(95)</b>

(1) Includes DSUs and stock options.

## 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, 2022, 4,360,087 common shares were authorized for issuance from treasury under the ESP. At December 31, 2022 and 2021, there were 1,028,161 and 1,108,211 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, 2022 and 2021.

NUMBER OF RSUs/PSUs	2022	2021
Outstanding, January 1	3,085,667	2,973,393
Granted <sup>(1)</sup>	1,016,211	1,178,794
Dividends credited	173,100	175,516
Settled	(1,061,392)	(1,135,128)
Forfeited	(89,399)	(106,908)
<b>Outstanding, December 31</b>	<b>3,124,187</b>	<b>3,085,667</b>
<b>Vested, December 31<sup>(2)</sup></b>	<b>887,158</b>	<b>1,000,394</b>

(1) The weighted average fair value of the RSUs/PSUs granted was \$66 in 2022 and \$60 in 2021.

(2) The RSUs/PSUs vested on December 31, 2022 were fully settled in February 2023 with BCE common shares and/or DSUs.

## DSUs

Eligible bonuses and RSUs/PSUs 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, 2022 and 2021, there were 3,321,167 and 3,365,433 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, 2022, in addition to the stock options outstanding, 4,484,643 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, 2022 and 2021.

	NOTE	2022		2021	
		NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)
Outstanding, January 1		10,778,724	60	15,650,234	59
Exercised <sup>(1)</sup>	30	(2,952,992)	58	(4,603,861)	57
Forfeited or expired		(23,624)	65	(267,649)	60
<b>Outstanding, December 31</b>		<b>7,802,108</b>	<b>61</b>	<b>10,778,724</b>	<b>60</b>
<b>Exercisable, December 31</b>		<b>4,539,188</b>	<b>58</b>	<b>4,316,424</b>	<b>58</b>

(1) The weighted average market share price for options exercised was \$69 in 2022 and \$64 in 2021.

The following table provides additional information about BCE's stock option plans at December 31, 2022 and 2021.

RANGE OF EXERCISE PRICES	STOCK OPTIONS OUTSTANDING					
	2022			2021		
	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE (\$)	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE (\$)
\$50-\$59	4,510,298	4	58	7,442,442	4	58
\$60 & above	3,291,810	7	65	3,336,282	8	65
	<b>7,802,108</b>	<b>5</b>	<b>61</b>	<b>10,778,724</b>	<b>6</b>	<b>60</b>

## Note 32 Additional cash flow information

The following table provides a reconciliation of changes in liabilities arising from financing activities.

	NOTE	DEBT DUE WITHIN ONE YEAR AND LONG-TERM DEBT	DERIVATIVE TO HEDGE FOREIGN CURRENCY ON DEBT <sup>(1)</sup>	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
<b>January 1, 2022</b>		<b>29,673</b>	<b>79</b>	<b>811</b>	<b>82</b>	<b>30,645</b>
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 receivables		700	—	—	—	700
Other financing activities		(13)	—	—	(18)	(31)
<b>Total cash flows from (used in) financing activities excluding equity</b>		<b>657</b>	<b>69</b>	<b>(3,487)</b>	<b>(18)</b>	<b>(2,779)</b>
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 acquisition		8	—	—	—	8
Business disposition		(14)	—	—	—	(14)
Other		151	(18)	(4)	(36)	93
<b>Total non-cash changes</b>		<b>1,590</b>	<b>(455)</b>	<b>3,543</b>	<b>(36)</b>	<b>4,642</b>
<b>December 31, 2022</b>		<b>31,920</b>	<b>(307)</b>	<b>867</b>	<b>28</b>	<b>32,508</b>

(1) Included in Other current assets, Trade payables and other liabilities and Other non-current liabilities in the statement of financial position.

	NOTE	DEBT DUE WITHIN ONE YEAR AND LONG-TERM DEBT	DERIVATIVE TO HEDGE FOREIGN CURRENCY ON DEBT <sup>(1)</sup>	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
<b>January 1, 2021</b>		26,323	66	766	—	27,155
Cash flows from (used in) financing activities						
Increase (decrease) in notes payable		378	(27)	—	—	351
Issue of long-term debt		4,985	—	—	—	4,985
Repayment of long-term debt		(2,751)	—	—	—	(2,751)
Cash dividends paid on common and preferred shares		—	—	(3,257)	—	(3,257)
Cash dividends paid by subsidiaries to non-controlling interests	36	—	—	(86)	—	(86)
Decrease in securitized trade receivables		(150)	—	—	—	(150)
Other financing activities		(36)	13	—	42	19
<b>Total cash flows from (used in) financing activities excluding equity</b>		2,426	(14)	(3,343)	42	(889)
Non-cash changes arising from						
Increase in lease liabilities		787	—	—	—	787
Dividends declared on common and preferred shares		—	—	3,306	—	3,306
Dividends declared by subsidiaries to non-controlling interests		—	—	87	—	87
Effect of changes in foreign exchange rates		(23)	23	—	—	—
Business acquisitions		12	—	—	—	12
Other		148	4	(5)	40	187
<b>Total non-cash changes</b>		924	27	3,388	40	4,379
<b>December 31, 2021</b>		29,673	79	811	82	30,645

(1) Included in Other current assets, Other non-current assets and Trade payables and other liabilities in the statement of financial position.

## 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, 2022.

	2023	2024	2025	2026	2027	THEREAFTER	TOTAL
Wireline	1,343	1,090	739	461	181	472	4,286
Wireless	1,482	647	40	1	—	—	2,170
<b>Total</b>	<b>2,825</b>	<b>1,737</b>	<b>779</b>	<b>462</b>	<b>181</b>	<b>472</b>	<b>6,456</b>

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, 2022 that are due in each of the next five years and thereafter.

	2023	2024	2025	2026	2027	THERE-AFTER	TOTAL
Commitments for property, plant and equipment and intangible assets	2,015	1,392	1,052	516	216	949	<b>6,140</b>
Purchase obligations	602	458	443	560	276	955	<b>3,294</b>
Leases committed not yet commenced	14	21	16	16	17	96	<b>180</b>
<b>Total</b>	<b>2,631</b>	<b>1,871</b>	<b>1,511</b>	<b>1,092</b>	<b>509</b>	<b>2,000</b>	<b>9,614</b>

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.

---

### 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 statement.

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 and ensures a better climate for much-needed investment in advanced networks. 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. 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 2, 2023, 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, 2022. 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.

SUBSIDIARY	OWNERSHIP PERCENTAGE	
	2022	2021
Bell Canada	100 %	100 %
Bell Mobility Inc.	100 %	100 %
Bell Media Inc.	100 %	100 %

---

### Transactions with joint arrangements and associates

During 2022 and 2021, 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 2022, BCE recognized revenues and incurred expenses with our joint arrangements and associates of \$10 million (2021 – \$10 million) and \$187 million (2021 – \$178 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 \$13 million from the Master Trust Fund for 2022 and 2021, respectively. 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, 2022 and 2021 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	2022	2021
Wages, salaries, fees and related taxes and benefits	(28)	(23)
Post-employment benefit plans and OPEBs cost	(4)	(3)
Share-based compensation <sup>(1)</sup>	(38)	(31)
<b>Key management personnel compensation expense</b>	<b>(70)</b>	<b>(57)</b>

(1) We have updated amounts for the prior year to make them consistent with the presentation for the current year.

---

---

## Note 36 Significant partly-owned subsidiary

The following tables show summarized financial information for our subsidiary with significant NCI.

### Summarized statements of financial position

FOR THE YEAR ENDED DECEMBER 31	CTV SPECIALTY <sup>(1) (2)</sup>	
	2022	2021
Current assets	400	329
Non-current assets	958	1,010
<b>Total assets</b>	<b>1,358</b>	<b>1,339</b>
Current liabilities	140	220
Non-current liabilities	246	226
<b>Total liabilities</b>	<b>386</b>	<b>446</b>
<b>Total equity attributable to BCE shareholders</b>	<b>678</b>	<b>622</b>
<b>NCI</b>	<b>294</b>	<b>271</b>

(1) At December 31, 2022 and 2021, 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, 2022 and 2021 include \$5 million, directly attributable to NCI.

---

### Selected income and cash flow information

FOR THE YEAR ENDED DECEMBER 31	CTV SPECIALTY <sup>(1)</sup>	
	2022	2021
Operating revenues	986	879
Net earnings	180	158
Net earnings attributable to NCI	57	51
<b>Total comprehensive income</b>	<b>198</b>	<b>164</b>
Total comprehensive income attributable to NCI	63	53
<b>Cash dividends paid to NCI</b>	<b>39</b>	<b>86</b>

(1) CTV Specialty's net earnings and total comprehensive income include \$4 million and \$5 million directly attributable to NCI for 2022 and 2021, respectively.

---

---

## Note 37 COVID-19

While the unfavourable effects of the COVID-19 pandemic on our financial and operating performance moderated in 2022, it is difficult to estimate the impacts that the COVID-19 pandemic could have in the future on our business and financial results due to uncertainties relating to the severity and duration of the COVID-19 pandemic and possible further resurgences in the number of COVID-19 cases, including as a result of the potential emergence of other variants, and various potential outcomes. Our business and financial results could again, in future periods, become more significantly and negatively impacted by the COVID-19 pandemic, including, among others, as a result of associated global supply chain challenges adversely affecting our wireless and wireline product revenues.

## 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, 2022, 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, 2022. There were no material weaknesses that have been identified by BCE's management in internal control over financial reporting as at December 31, 2022.

Our internal control over financial reporting as at December 31, 2022 has been audited by Deloitte LLP, independent registered public accounting firm, who also audited our consolidated financial statements for the year ended December 31, 2022. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2022.

(signed) Mirko Bibic  
*President and Chief Executive Officer*

(signed) Glen LeBlanc  
*Executive Vice-President and Chief Financial Officer*

(signed) Thierry Chaumont  
*Senior Vice-President, Controller and Tax*

March 2, 2023

## 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, 2022, 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, 2022, 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, 2022, of the Company and our report dated March 2, 2023, 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 2, 2023

We have served as the Company's auditor since 1880.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-12130 on Form F-3, Registration Statements Nos. 333-263337 and 333-263337-01 on Form F-10 and Registration Statements Nos. 333-12780 and 333-12802 on Form S-8 and to the use of our reports dated March 2, 2023, relating to the financial statements of BCE Inc. (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2022.

/s/ Deloitte LLP  
Chartered Professional Accountants

Montréal, Canada  
March 3, 2023

NOTICE OF RELIANCE  
SECTION 13.4 OF NATIONAL INSTRUMENT 51-102  
CONTINUOUS DISCLOSURE OBLIGATIONS

To: Alberta Securities Commission  
British Columbia Securities Commission  
Manitoba Securities Commission  
Financial and Consumer Services Commission, New Brunswick  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Nova Scotia Securities Commission  
Ontario Securities Commission  
Office of the Superintendent of Securities, Prince Edward Island  
Autorité des marchés financiers  
Financial and Consumer Affairs Authority of Saskatchewan  
Toronto Stock Exchange

Notice is hereby given that Bell Canada relies on the continuous disclosure documents filed by BCE Inc. pursuant to the exemption from the requirements of National Instrument 51-102 – Continuous Disclosure Obligations (“NI 51-102”) provided in Section 13.4 of NI 51-102.

The continuous disclosure documents of BCE Inc. can be found for viewing in electronic format at [www.sedar.com](http://www.sedar.com).

Attached to this notice and forming part thereof is the consolidating summary financial information for BCE Inc. as required by Section 13.4 of NI 51-102.

Dated: March 3, 2023

BELL CANADA

By: (signed) Thierry Chaumont  
Name: Thierry Chaumont  
Title: Senior Vice-President, Controller and Tax

The Bell logo, consisting of the word "Bell" in a bold, black, sans-serif font.

# BELL CANADA

## UNAUDITED SELECTED SUMMARY FINANCIAL INFORMATION (1)

For the periods ended December 31, 2022 and 2021

(in millions of Canadian dollars)

BCE Inc. fully and unconditionally guarantees the payment obligations of its 100% owned subsidiary Bell Canada under the public debt issued by Bell Canada. Accordingly, the following summary financial information is provided by Bell Canada in compliance with the requirements of section 13.4 of National Instrument 51-102 (Continuous Disclosure Obligations) providing for an exemption for certain credit support issuers. The tables below contain selected summary financial information for (i) BCE Inc. (as credit supporter), (ii) Bell Canada (as credit support issuer) on a consolidated basis, (iii) BCE Inc.'s subsidiaries, other than Bell Canada, on a combined basis, (iv) consolidating adjustments, and (v) BCE Inc. and all of its subsidiaries on a consolidated basis, in each case for the periods indicated. Such summary financial information for BCE Inc. and Bell Canada and all other subsidiaries is intended to provide investors with meaningful and comparable financial information about BCE Inc. and its subsidiaries. This summary financial information should be read in conjunction with BCE Inc.'s audited consolidated financial statements for the year ended December 31, 2022.

For the periods ended December 31:

	BCE INC. ("CREDIT SUPPORTER") <sup>(2)</sup>		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA <sup>(3)</sup>		CONSOLIDATING ADJUSTMENTS <sup>(4)</sup>		BCE INC. CONSOLIDATED	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating revenues	—	—	24,175	23,450	—	—	(1)	(1)	24,174	23,449
Net earnings from continuing operations attributable to owners	2,868	2,840	2,951	3,132	181	362	(3,132)	(3,494)	2,868	2,840
Net earnings attributable to owners	2,868	2,840	2,951	3,132	181	362	(3,132)	(3,494)	2,868	2,840

As at December 31, 2022 and December 31, 2021, respectively:

	BCE INC. ("CREDIT SUPPORTER") <sup>(2)</sup>		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA <sup>(3)</sup>		CONSOLIDATING ADJUSTMENTS <sup>(4)</sup>		BCE INC. CONSOLIDATED	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Total Current Assets	744	561	7,865	6,826	473	292	(2,595)	(1,481)	6,487	6,198
Total Non-current Assets	23,856	23,804	56,461	54,140	38	38	(17,513)	(17,416)	62,842	60,566
Total Current Liabilities	2,401	1,672	11,583	8,841	81	81	(2,596)	(1,481)	11,469	9,113
Total Non-current Liabilities	21	58	34,746	34,066	—	—	578	586	35,345	34,710

(1) The summary financial information is prepared in accordance with International Financial Reporting Standards (IFRS) and is in accordance with generally accepted accounting principles issued by the Canadian Accounting Standards Board for publicly-accountable enterprises.

(2) This column accounts for investments in all subsidiaries of BCE Inc. under the equity method.

(3) This column accounts for investments in all subsidiaries of BCE Inc. (other than Bell Canada) on a consolidated basis.

(4) This column includes the necessary amounts to eliminate the intercompany balances between BCE Inc., Bell Canada and other subsidiaries and other adjustments to arrive at the information for BCE Inc. on a consolidated basis.

## BCE Inc.

## EXHIBIT TO 2022 ANNUAL FINANCIAL STATEMENTS

## EARNINGS COVERAGE

The following consolidated financial ratios are calculated for the twelve months ended December 31, 2022, give effect to the issuance and redemption of all long-term debt since January 1, 2022 as if these transactions occurred on January 1, 2022, and are based on unaudited financial information of BCE Inc.

**December 31, 2022**

Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense and income tax: 3.5 times

Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense, income tax and non-controlling interest: 3.6 times



## CERTIFICATIONS

I, Mirko Bibic, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 3, 2023

*(signed) Mirko Bibic*

Mirko Bibic  
President and Chief Executive Officer  
BCE Inc.

## CERTIFICATIONS

I, Glen LeBlanc, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 3, 2023

*(signed) Glen LeBlanc*

Glen LeBlanc  
Executive Vice-President and Chief Financial Officer  
BCE Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of BCE Inc. (the “Company”), does hereby certify that:

the annual report on Form 40-F for the year ended December 31, 2022 of the Company (the “Form 40-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 3, 2023

(signed) Mirko Bibic

Mirko Bibic  
President and Chief Executive Officer  
BCE Inc.

Date: March 3, 2023

(signed) Glen LeBlanc

Glen LeBlanc  
Executive Vice-President and Chief Financial Officer  
BCE Inc.